

The Nation's Business



Agriculture . Mining . Manufacturing
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Finance . Education . Professions
Government . Altruism

Entered as second-class matter, February 18, 1913, at the Post-Office at Washington, D. C., under the Act of March 3, 1879.

Volume III

May 15, 1915

Number 5

THE NATION'S BUSINESS FOR MAY CONTAINS

A symposium on "How Should the Railroads be Paid for Carrying the Mails?", illustrated (pp. 5, 6, and 7), by Postmaster General Burleson and President Ralph Peters of the Long Island Railroad; a description of the Life Extension Institute and Its Work, by Professor Irving Fisher of Yale, illustrated (pp. 10 and 11); a description of "What the Panama Fair is Doing for Business," illustrated (pp. 8 and 9); illustrated stories on the Visit of the Chinese Merchants (p. 15); and the plan of the Pan-American Financial Conference (p. 4); some of the reasons why we should have a Merchant Marine (p. 14); besides a small illustrated feature on the Dalles-Celilo Canal (p. 13); articles on "Australia Making Her Own Steel Rails" (p. 11); and "Rumania as an American Market" (p. 16) and the editorial interpretation of "Commerce in the World's News."

ONE DOLLAR A YEAR
TEN CENTS A COPY

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA, RIGGS BUILDING, WASHINGTON, D. C.

THE NATION'S BUSINESS

Published Monthly by the
CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA
Riggs Building, Washington, D. C.

NEW YORK—WOOLWORTH BUILDING. CHICAGO—10 SOUTH LA SALLE STREET. SAN FRANCISCO—MERCHANTS EXCHANGE BUILDING.

Subscription Price: \$1.00 Per Year

LOUIS E. VAN NORMAN, EDITOR.

ROBERT D. HEINL, ASSOCIATE EDITOR.

Entered as Second-class Matter, February 18, 1913, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

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Commerce in the Month's News

THE extent to which this war has been a denial of what we have been proudly calling modern civilization has been driven home to the world this month by the horror of the *Lusitania*. The facts are now known to every American. On May 7, the giant Cunard liner, while off the Irish Coast, was sunk without warning by a torpedo from a German submarine and fifteen hundred persons, largely women and children, more than one hundred of them Americans, perished. We reviewed in these pages last month the course of the German and British naval duel which led up to this catastrophe. The justification offered by Germany, that Britain is trying to starve the German people, that submarines cannot warn shipping, that notice of intention to sink the vessel had been printed in American papers, that Americans travel on British ships at their own risk, that, in self-defense, Germans must sink all British shipping by whatever means in their power, and that the *Lusitania* carried munitions of war to England—these had not served to avert the condemnation of the neutral world.

THIS neutral world, particularly the horrified American people, at once turned to President Wilson to voice the protest of humanity. The note to Germany, despatched from Washington on May 13, was, in brief, a statement that the United States would "omit no word or act necessary to the performance of its sacred duty of maintaining the rights of the United States and its citizens and of safeguarding their free exercise and enjoyment." The President saw fit to sum up in this note certain other attacks on American life and property, including the sinking of the British steamer *Falaba*, with an American on board, the attack on an American ship by an aeroplane, and the sinking of the *Gulflight* by a submarine, in which American citizens met their death. The attention of the world,

however, was drawn to the destruction of the *Lusitania* as a horror in which non-combatants of all nationalities lost their lives, "in clear violation of universally acknowledged international obligation." The American note called upon the German Government for reparation, expressions of regret and guaranties that such action shall not be repeated, even though, as the President says, this cannot justify or excuse "the recurrence of anything so obviously subversive of the principles of warfare." As these pages of THE NATION'S BUSINESS were going to press (May 15,) the American people were awaiting with calm determination the reply of the German Government, which was expected in a few days.

TWO political leaders, each standing high in the councils of his party, Senator Cummins, a Republican, and Senator Overman, a Democrat, are quoted as having commented on the destruction of the *Lusitania* with the remark that an extra session of Congress is almost necessary,

"not for the purpose of declaring war, but to provide ships for the safe conveyance to Europe of American passengers and American goods." It seems probable that no subject, short of our possible actual participation in the war, will engage so much attention from the next session of the national legislature as the measures that are necessary to remedy the helplessness of our commerce on the sea. Business men will find particularly interesting in this connection the data we are presenting on another page this month, on the subject of a merchant marine, a matter which the Chamber of Commerce of the United States has just asked its members to vote upon. The results of this balloting will furnish the first trustworthy reflection of public opinion on this vital question that has as yet been obtained for the guidance of Congress in future legislation. The voting will show, as near as it is possible to obtain it, the opinion of the business interests of the country.

AMERICAN trade continues to play the role in the war of the innocent bystander, with the usual unfortunate results to itself. The cartoonist illustrates this aptly. According to figures published late in April, 543 ships were captured since the beginning of the war by the fleets of Britain and France. Of these, 13 were of neutral nations, 5 of them American. The detention of these for the exasperating deliberation of the British prize courts has been very trying to the American merchants involved. On May 3, the British Embassy at Washington issued a statement to British consuls throughout the United States with instructions "designed to facilitate American trade with neutral nations." Interference by allied warships with cargoes not under the ban of Great Britain's blockade Order in Council may be guarded against, says the statement, if shippers give notice to British consuls of the exact character of cargoes so that the London Government may know before ships reach European waters. German or Austrian goods that were purchased and paid for before March 1st, may be sent from a neutral port to the United States without interference. As at the same time the German admiralty made stricter its rules regarding contraband and conditional contraband commodities. The order issued from Ottawa on May 3, prohibiting the export of Canadian grain, was another vivid reminder to Americans of the rigors of war.

IT has been one of the largest assets of our intercourse with the Orient that the Pacific peoples have always trusted in the integrity, friendship, and moral sincerity of the American republic. They have believed us to be as a nation what they knew many of us to be as individuals. In this we have shone by comparison with Europe. From all around the rim of



THE RED RIDING HOOD OF AMERICAN TRADE AND THE NAVAL WAR

This is the way the cartoonist of the Brooklyn Eagle pictures American export trade and the wolf, the belligerents' naval policy.

An Attack on Humanity and Civilization

The American Protest to Germany

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the Pacific comes the same testimony, from China, from Australia, from far-off India, even from Japan, resentful at our immigration policy. The Orient has not always thought us forceful, but it has steadily declined to doubt our altruism.

* * * * *

OUR work in the Philippines has often been referred to by keen observers, as providing a center from which our moral influence has extended over all

Spreading
Americanism
From the
Philippines

Asia. Ten years ago the spread of the opium habit become so threatening to the Philippines that the Insular government at Manila took the situation in hand and suppressed the traffic locally. Then a series of anti-opium conferences was summoned, at American initiative, ending in an agreement between thirty-four different nations to stop the traffic in 1915. The last of the purely American legislation against the opium business became effective on March 1, when the bill regulating the interstate traffic in habit-forming drugs became a law. Meanwhile, we had trained a number of fine moral leaders and experts in sanitation and public administration. These skilled, patient, and often heroic men have so subdued communicable diseases and other ailments of the tropics that they have made the Philippines and Panama as healthful as the temperate zones, and provided an example influencing all central and western South America. In Cuba and Porto Rico, we had already done this work thoroughly. These men have made public health administration a science. Others are now endeavoring to make personal hygiene a matter of community concern. Witness the remarkable development of the idea of "life extension," described by one of its originators, Professor Irving Fisher, of Yale, on another page of THE NATION'S BUSINESS, this month.

* * * * *

ALL this work of "moralization" has not only reclaimed entire nations for the peaceful conquest of trade, but has convinced vast sections of the world's population that Americans really believe in altruism and the "square deal." The commercial intercourse of the United States with the countries across the Pacific has shown a steady, if slow, growth, ever since Commodore Perry with his guns "opened up" the medieval empire of Japan to the modern world. During the past two decades particularly has the trans-Pacific business of the United States developed. On another page this month is shown a

The Expansion
of Our
Trans-Pacific
Trade

series of charts indicating the progress of American foreign commerce.

* * * * *

OUR trans-Pacific trade for the four years following 1910, presents some food for thought. With British Australia we increased our business by twenty-five millions; with the British, Dutch and French East Indies, by over forty-three millions; with China by only eighteen millions, while with Japan by over seventy millions. The figures here alluded to show that Japan, with not more than one-seventh the population of China, is almost three times as good a customer of the United States as is the vast Oriental

China Our
Neighbor and
Customer



UNCLE SAM AS THE CHINAMAN'S UMBRELLA
The cartoonist of Osaka Puck thus pictures China as "beginning to feel hot under the rising sun."

republic to the east of her. But China is awakening beyond a doubt. No one can read the mere list of accomplishments and business activities of the visiting Chinese delegation now in the United States (as we presented them last month and give more in detail on another page in this issue) without realizing that, as a business man, the Chinaman is not only a good customer but that he may become a formidable competitor. Great efforts are being made to capture Chinese trade for European nations, particularly Great Britain. Owing to geographical and other reasons, it has not been possible as yet for Americans to get their full share of these markets. The present, however, would seem to be the time for the establishment of a Chinese-American Chamber of Commerce—perhaps before our Chinese guests leave these shores.

* * * * *

IN the vast amount of newspaper space devoted to the tension between Japan and China, very little definite information has been given to just what Japan is asking. Ever since early January, negotiations have been carried on at Peking with the object of extending Japan's sphere of influence in China. From the mazes of diplomatic—particularly Oriental diplomatic—exchanges, it is not

What Japan
Has Been
Demanding
of China

easy to summarize the situation. However, it may be briefly stated as follows: In a memorandum sent by the Japanese legation at Peking to the American, British, French, and Russian representatives, on January 9, eleven demands were set forth. It is currently reported, however, that the original demands presented to China direct, numbered twenty-two. American representations, carried on chiefly through Baron Chinda at Washington, have consisted mainly in requests for exact information. The Japanese demands are said to have been arranged in five groups, dealing collectively with: (1) Economic and administrative conditions in the Province of Shantung, where Germany's former colony of Kiau-Chau is located; (2) Portions of Manchuria (including the Port Arthur lease) and Mongolia; (3) The interests of the big mining concern, the Han-yeh-ping Company; (4) The future cession or lease by China of any islands or harbors; (5) A miscellaneous group of demands concerning "advisors," the purchase of munitions of war, the ownership of lands by non-Chinese; the propagation of the Buddhist faith, the police administration, and concessions for mines, railways, harbor works, etc.

* * * * *

BOILED down to its essence, Japan's demands are that China turn over to her all Germany's former rights and privileges, that Japanese be given preferential dominant rights in Manchuria and Mongolia, and that, whenever China wishes to engage foreign advisors or instructors,

Japan Asks
Less and
China Yields

to build railroads, or cede or lease islands or ports, or work mines, in which foreign capital is to be used, Japan shall be given first place, or at least, consulted before any negotiations are closed. The Chinese foreign office at first rejected most of these demands as being "incompatible with China's sovereignty," as conflicting with the treaty rights of other powers and as violating the principle of the open door. Long and elaborate negotiations followed, Japan maintaining that she wishes to preserve the peace of the Far East; that her position gives her rightfully the first interest in China's affairs. Certain modifications appeared to have been made in the demands and matters were progressing smoothly when, during the first days of May, it was announced that Japan had sent an ultimatum to China, that a number of her warships had sailed for Chinese waters, and that President Yuan-Shih-kai had determined to fight rather than yield. Finally, on May 7, it was announced that Japan had withdrawn some of the most obnoxious demands in group V and that China had yielded the rest. Commenting on the agreement between China and Japan and insisting that the modification of Japanese demands was made solely out of respect for American and British, particularly American, opinion, Baron Shibusawa, often known as the J. P. Morgan of Japan, said:

We are sincerely thankful for all that America has done for us. * * * I believe the question between Japan and America, as the greater question between all the Orient and America, is a moral one and America is accustomed to the moral point of view. It is a question of ethics. It is not a question of reason, but of feeling.



Photographs from the Pan-American Union

EMINENT LATIN AMERICANS WHO HAVE COME TO TALK FINANCE

First row: Ambassador da Gama, Brazil; Ambassador Suarez-Mujica, Chile; Ambassador Naon, Argentina; Minister Calderon, Bolivia; Minister de Pena, Uruguay; Minister Mendez, Guatemala; Minister Betancourt, Colombia; Minister Membreno, Honduras; Minister Velazquez, Paraguay; Minister Morales, Panama. Second row: Minister Chamorro, Nicaragua; Minister Cordova, Ecuador; Minister Menos, Haiti; Minister Cespedes, Cuba; Minister Brenes Mesén, Costa Rica; Minister Dominici, Venezuela; Minister Jiménez, Dominican Republic; Minister Zaldivar, Salvador; Don Manuel de Freyre y Santander, chargé d'affaires of Peru; Don Roberto Ancizar, Secretary of Legation of Colombia. Third row: Argentina, Samuel Hale Pearson, director of the National Bank of Argentina; Richard C. Aldao, former minister of finance for the Province of Buenos Aires; John E. Zimmerman, of the Buenos Aires Chamber of Commerce; Bolivia, Adolfo Ballivian, consul general in New York; Brazil, Amaro Cavalcanti, former judge of supreme court; Chile, Luis Izquierdo, former minister of foreign affairs; Luis Aldunate, former governor Province of Chiloe; Colombia, Santiago Perez Triana, prominent banker; Costa Rica, Mariano Guardia, minister of finance; John M. Keith, banker; Cuba, Pablo Desvernine, former secretary of treasury. Fourth row: Dominican Republic, Francisco J. Peynado, former minister to United States; Guatemala, Guillermo Aguirre, minister of finance; Honduras, Leopoldo Cordova, minister of hacienda (treasury); Nicaragua, Pedro Rafael Cuadra, former minister of finance; Panama, Aristides Arjona, minister of finance; Ramon Arias, Jr., vice-president of bank of Canal Zone; Peru, Eduardo Higginson, consul general in New York; Salvador, Alfonso Quinones, vice-president; José Suay, sub-secretary of finance; Uruguay, Pedro Cosio, minister of finance; Venezuela, Pedro R. Rincones, consul general in New York.

The Financiers of the Two Americas Meet

ONLY the condition of revolution which exists in Mexico and Haiti has prevented every republic of the Western Hemisphere from being represented at the Pan-American Financial Conference which will open at 10 o'clock on the morning of May 24, with an address by the President of the United States. As it is, eighteen of the republics of Central and South America have nominated delegations of from two to four persons who will discuss practical ways and means of achieving a permanent improvement in the financial relations between their respective countries and the United States. An appropriation of \$50,000 for the purpose enabled the Secretary of the Treasury, Hon. William G. McAdoo, to issue, through the Department of State, a formal invitation to the Latin-American republics to delegate their Minister of Finance and three of their leading bankers to come to Washington as the guests of this government in order to see if the widespread interest in Central and South American affairs could not be reduced to practical terms.

High Character of the Delegates

Not only several of the ministers of finance of the various countries but a number of former cabinet ministers and leading financiers including one Vice President, not to mention the ambassadors and ministers of Latin-America who are already accredited to the United States, will be present. In order that the discussions may be rendered effective more than one hundred

prominent American bankers and business men representing all sections of the country have been invited to take part.

Latin-America and the European War

For several years the unsatisfactory conditions of our financial relations with Central and South America have been the subject of widespread discussion. The trend of all financial operations and the easiest and quickest medium of exchange have all been through European centers such as London, Paris and Berlin. American exporters and importers have found that, in the long run, such transactions as they carried through could be accomplished better through exchange in London and Paris rather than in New York. The facts of this have had far more extended importance than would appear from the simple elements of time and distance. Bills of lading "acceptances," and warehouse receipts have all passed through the hands of foreign bankers and the American merchant and manufacturer has had to be content to place himself in their hands. Consequently, not only in matters of prestige but also in questions of loans, credits, and a wide variety of enterprises, the interests of this country have been able to enlist support only after consideration had been given to other foreign nations.

The effects of the war have very greatly interfered with the trade between Latin-America and Europe, and Germany, Austria, and Belgium have been practically eliminated. Even France and Eng-

land have been very considerably hampered for some months. Several of our sister republics of the South were faced with one of the gravest financial situations of their history. The charts printed on another page of this issue show a very interesting condition which has resulted and which has done much to relieve the situation and to afford that market for their products essential to the prosperity of the Latin-American republics. A glance at the trend of our exports and imports since the beginning of the war will show that, whereas in the ten year period immediately preceding, our imports from other countries increased in more rapid ratio than from Central and South America, the conditions of today are reversed. It is our imports from Central and South America which have increased at a greater ratio than our imports from other parts of the world have done.

How the Conference Will Work

Of the six days of the conference, at least three will be given to the private meeting of committees composed of the delegates from each of the several countries and American business men. On these committees members of the Federal Reserve Board and the Federal Trade Commission will also serve. In this way the particular conditions of each Latin-American country and the bearing of these conditions on the financial relations with the United States will be thoroughly discussed on a personal and informal basis which will simplify the suggestion and pre-

sentation of practical measures. The results of the discussions of these small committees are expected to be presented in a general session of the conference when measures can be devised to cover the whole situation.

The sessions will be presided over by the Secretary of the Treasury and the general management of the sessions has been placed in the hands of Prof. Leo S. Rowe, of the University of Pennsylvania. Prof. Rowe has made an exhaustive study of economic conditions in Central and South America, and is not only thoroughly conversant with the language but also is held in high esteem by many of the leading men of the various countries whom he has made his personal friends. His selection as Secretary-General of the Conference has been regarded with great satisfaction by all the countries concerned.

In a letter to the Editor of THE NATION'S BUSINESS, Dr. Rowe has this to say:

I doubt whether the country fully realizes the magnitude of the national as well as the international service performed by the Secretary of the Treasury in arranging for the forthcoming Pan-American Financial Conference. No event since the assembling of the First Pan-American Congress in 1889 has so impressed the people of Central and South America with the essential solidarity of interests of the republics of the American continent. Although the immediate purposes for which the Conference has been called are immeminently practical and mutually helpful to the United States and to our sister republics, it is likely that the more remote benefits will be even more important than the immediate results.

How Should Railroads Be Paid for Carrying Mail?

The Postmaster General Says by Space, the Railroads Say by Weight

BY HON. A. S. BURLERSON

Postmaster General of the United States.

This question, one upon which the Post Office Department and the railroads of the country have differed radically, is of very great importance to business men. In this article the Postmaster General sets forth the point of view of the Department. The article following is by President Peters of the Long Island Railroad who is Chairman of the Railway Mail Pay Committee, representing 270 railroads and 223,000 miles of track. Some of the lines, it is now believed, are coming over to the point of view of the Department.

THE question of pay to the railroads for carrying the mails is one of especial interest to the business world, because upon its proper solution depends largely the postal adjustment of service and rates to the patrons of the mails.

Every possible facility for the transaction of business through the postal service, at the lowest rates of postage consistent with good and economical administration, should be furnished the public, always with entire fairness to every agency used by the Department, including the railroads. At present, because the laws and practices under which the Department must make use of the railroads are antiquated and not adapted to modern conditions and because the present plan of payment does equitably distribute mail pay among the carrying roads, the Department cannot furnish the best service to the public and cannot always do entire justice to all the carriers.

Our postal service today is no doubt one of the most efficient we have ever had. The railroads, as a whole, are very adequately paid for the service they perform. Nevertheless, the system under which we are operating prevents us from extending important facilities to the public and does not enable us always to distribute mail pay in accordance with the service performed. A change to a more modern, scientific and equitable basis of authorization and pay is, therefore, of the greatest importance, especially to the business world.

Working Under an Antiquated Law

The law under which the Department is at present operating was passed in 1873. It provides for the adjustment of pay on the basis of the average daily weights of mails carried over authorized routes. Maximum rates of pay are provided for in the statute. These rates are applicable to certain average daily weights which are ascertained by weighings not less frequent than one in every four years. The country is divided into four contract sections and the mails weighed successively in each section. Therefore, while a weighing occurs once in four years on each particular route and in each contract section, a weighing occurs in one section every year. The rates fixed are assumed to be high enough to cover the expansion of the mails in the meantime. In addition to the pay for weights the law authorizes payment for railway post office cars, 40 feet and more in length, at certain specified rates.

The plan provided by the law of 1873 has never been changed, although the rates were somewhat reduced by Congress in 1876, 1878 and 1907. The weighings are costly and annoying, and interfere seriously with the operation of the service in the field. Neither the Post Office Department nor the railroads has been wholly satisfied, and the con-

clusion has been reached by practically all students of the subject that the present plan is complex and unscientific in construction and unbusinesslike in its results.

Efforts for a Better Method

The present method fails to provide the Department with the administrative elasticity to meet changing conditions. The existing method of pay adjustment apparently has never been regarded by the Department as sound, for, as far back as 1876, so much dissatisfaction was expressed that Congress provided for a commission, to be appointed by the President, to investigate the subject. This, known as the Hubbard Commission, recommended a system of pay based on space, modified by the factors of weight and speed. Again, in 1883, the Postmaster General appointed a departmental commission (the Elmer-Thompson-Slater Commission), which recommended a similar system. In 1898 under an act of Congress, a Congressional postal service commission was created, known as the Wolcott-Loud Commission. This body recommended the continuation of the present basis.

It recognized the importance of the space element, but was unwilling to accept space as the controlling factor, because, from the evidence submitted, it was unable to work out a method of applying the space gauge. The Vice-Chairman of the Commission,

Mr. Loud, favored the space basis.

Finally, the recent Joint Commission of Congress on Postage on Second Class Mail Matter and Compensation for the Transportation of Mail reported unqualifiedly in favor of a space basis. This was after the submission of the results of the exhaustive inquiry by the Department commenced in 1907 and concluded in 1911, during which the Department's officers testified upon all phases of the question.

Merits of the Moon Bill

The solution most satisfactory to the Department, one which safe-guards the public interests and which guarantees to the patrons of the mails the best facilities, and, at the same time, deals justly, fairly and equitably with the carrying companies, was before Congress at its last session and was embodied in what is popularly referred to as the Moon Bill. The plan proposed in this bill has the approval of the Department, whose officers worked out its details in the main. Its essential principles are the same as those recommended by the Joint Congressional Commission.

The plan contemplates the adoption of the space method represented by the car-mile unit of service as the basis upon which to make authorizations of and payments for railroad mail service, with suitable allowances for terminal service. This would not, however, apply to "closed-pouch service," which comprises the car-

riage of locked pouches and sacks in baggage cars in care of railroad employees and which is but a very small part of the entire railroad mail service.

This "closed-pouch service" is, according to the Moon Bill, to be continued on the weight basis, but with provision for annual instead of quadrennial weighings and readjustments. All of the service, excepting this "closed-pouch" kind, is to be of three classes: full railway post office car service, apartment railway post office car service, and storage car service. All of these are to be authorized in standard units of cars and apartments, 60, 30 and 15 feet in length, respectively, and paid for at rates not exceeding those specified in the bill. These rates consist of two elements; one, a car-mile-line rate for the different sizes of standard cars, and the second, an initial and terminal rate, based upon the estimated cost of loading and unloading mails and of switching, lighting, heating and cleaning the mail cars at the starting and terminal points of the car run.

The Rates the Government Pays

This plan, first presented in the Moon Bill, was afterwards incorporated into the post office appropriation bill. The rates named in the latter measure were approved by the House of Representatives and were agreed to by the conference committee of both Houses, though the entire bill failed of final passage. This legislation provided for rates of mail pay not to exceed the following:

For 60-foot railway post office cars, 21 cents a car mile; for 30-foot apartments in cars, 11 cents a car mile; for 15-foot apartments in cars, 6 cents a car mile; and for 60-foot storage cars, 20 cents a car mile. In addition to these line rates there is a provision for allowances for terminal services of \$8 for each round trip of a 60-foot car, of \$4 for each round trip of a 30-foot car, and \$2 for each round trip of a 15-foot car. The rates for closed-pouch service remain substantially as at present. When these rates are applied to the service as a whole they result in an approximate average car-mile rate of 23.27 cents.

As to the Fairness of these Rates

Are these fair rates for the service performed? Their comparison with passenger and express rates answers this question unequivocally in the affirmative. A further consideration of the difference between the mail service and the passenger service will prove to anyone that they are extremely liberal to the railroads.

The determination of a proper and practicable basis of mail rates was of great difficulty. It was at first believed that they should be based upon an ascertainment of the cost of performing the service and a fair return upon investment, but, in the inquiry made by the Department, the results of which were submitted to the joint committee of Congress it was found that the difficulties of reaching a specific determination of cost were so great that the plan of accepting the passenger car-mile revenue as a basis was adopted in-



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THE POSTMASTER-GENERAL



LOADING THE MAIL CAR FROM THE POST OFFICE MOTOR TRUCK
To This the Post Office Department Points as One of the Services it Performs in Helping the Railroads Handle the Mails.

stead. The railroads, the Department maintains, should be willing to carry the mails for the same average car-mile revenue which they receive for carrying passengers, with suitable reductions to compensate the Government for the difference in the service performed. This was the theory upon which the Department finally submitted its recommendation.

Passenger Traffic and the Mail

The latest statistics reported by the Interstate Commerce Commission of passenger car-mile revenue for the year 1912 give the average as 24.92 cents. The average mail rate as provided by the proposed bill is therefore only 1.65 cents less than the average passenger revenue. This is a reduction of only 6.62 per cent under the passenger car-mile revenue, while it was submitted at the hearings before the joint committee that a 10 per cent reduction would be justified.

While it has been contended by the railroads that everything necessary to increase passenger traffic means a corresponding benefit to the mail service, and that, therefore, the mail service should pay its full relative proportion to defray the costs and assure profits upon passenger traffic, this contention is evidently not based on sound reasoning. There are many services rendered and expenses incurred in passenger service in which the mails have, in the very nature of things, no interest whatever. For instance, there is no justification for the claim that the mail service should participate fully in the enormous cost of elaborate terminal and station structures. The mails neither seek nor need housing in hundred-million-dollar buildings. In fact, the poorest and least expensive parts of stations are devoted to the mails.



CLERK SORTING MAIL IN CAR INTERIOR

The Postmaster-General presents this picture to show how the Government helps the railroads in taking care of its "packages."

A Comparison With Express Rates

A comparison, furthermore, of these proposed rates with the revenue received by railroad companies from the carriage of express matter shows that they are higher per unit of service than the express revenue to the railroads. The aggregate pay under the terms of the proposed legislation is as high or higher than the present pay under the weight basis. It was shown before the Joint Congressional Committee that the revenue received by the railroads for carrying mails is in every case largely in excess of the revenue received by them from the express business when carried in 40 or 100-pound lots.

These statistics have been assailed by the railroads because of differences in the services performed in the two instances. To a large extent, however, these objections are wholly without foundation. We find many cases in which the railroads carry as express certain matter which is afterwards placed in the mails, and it is, therefore, possible to make an exact comparison between the two rates. The large mail order houses send great quantities of their merchandise and catalogues in packages conforming

to the parcel post requirements by express to distant points, where they are then turned over to the mail service for carriage and delivery in the first and second zones therefrom.

For instance, one mail order house in New York ships goods by express in this manner to 44 different cities in 33 different states, covering practically all the principal railroad mail routes. In each case the railroad company performs approximately the same service for the express company as it does for the Post Office Department in carrying mails between the same points, and yet it receives approximately one-half of what the Government pays for a like mail service.

The railroads have replied, citing the revenue the express companies receive from one-pound packages. But it takes only a superficial knowledge of the mail service to know that this comparison is wholly irrelevant. The Department does not cite hypothetical cases of carrying 1-pound or 100-pound packages of express, but actual business transacted where, on the one hand, the railroads carry for express companies matter in large quantities between central points and receive substantially one-half of the express rate fixed on the 100-pound basis. On the other hand, the pay received by the same railroads for performing substantially the same service in carrying the mails between the same points, is generally double the amount received for express.

Difference in Handling Mail

Further objection has been made by the railroads that mail consists of individual letters while express packages average 25 pounds or more. This, however, disregards the fact that railroads do not carry letters separately but all letter as well as other mails are enclosed in mail bags, and a pouch of letter mail varies in weight from 5 to 125 pounds each. These pouches are for the most part carried in postal cars and are seldom handled by the railroad company except to transport them and to perform a small incidental trucking service in stations.

Moreover, a large per cent of the mails carried on the trunk lines are what are known as through mails and the railroads give these substantially the same service they give express matter. For instance, be-

tween New York and Chicago these mails are more than one-third in weight of all mails carried on the routes. Of these through mails over 100,000 pounds average daily weight are competitive mails, upon which the carrying company equalizes the rate. If the railroads carrying these competitive mails were paid for them at the rate they would receive as their share of the charge if they were carried as express, they would receive \$450,000 a year less therefor or about one-half what they now receive. Like conditions exist regarding all through mails.

What the Post Office Asks

The Department is not asking that the entire mail service be placed upon this basis of pay, but it believes the public should know these facts in connection with the claim by the railroads' committee that the Department is not paying the roads sufficiently for what they are doing.

Under the present system the railroads are receiving ample pay for the service performed. For the fiscal year 1915 the pay will aggregate \$59,433,416, which is approximately 23.03 cents a car-mile for the service that will be rendered. This, compared with the average passenger car-mile revenue of 24.92 cents, is extremely liberal compensation.

It has been claimed that the railroads do not receive pay for carrying the parcel post. This claim is wholly without foundation. Under legislation and orders already issued, the railroads will receive to June 30, 1915, on account of parcel post increased weight, a total additional pay of \$4,322,554. In the Post Office appropriation bill, as passed by the House, the payment of an additional sum of \$980,141, as recommended by the Department, was authorized, but the bill failed of passage. These amounts are additional to what the roads regularly receive for carrying the mails.

If the new basis of authorization and payment as recommended by the Department were adopted all services in carrying parcel post, as well as all other services rendered by the railroads, would be adequately paid for at the time they are performed, and the Department would be able to secure to the general public all the rightful advantages of economy in cost of transportation.

The Case for the Railroads in the Carrying of the Mails

BY RALPH PETERS,

President of the Long Island Railroad

IN seeking a reform of the methods whereby the Government pays for the railway mail service, the railroads are merely asking to have the methods of payment systematized upon a business-like basis. This, as we understand it, means that the Government shall pay fairly for all the mail carried and for all the special services and facilities furnished to the Post Office Department.

Under the practices which now prevail, a large part of the mail, and especially of the parcel post, is being carried without compensation, and the railroads are obliged to supply the Post Office Department with many valuable special facilities and to perform numerous supplementary services, quite apart from the field of railroad transportation, without corresponding supplementary pay.

What the Parcel Post Has Done

The advent of the parcel post has made this situation decidedly serious. The parcel post has had a tremendous growth. Yet despite such tremendous increment in mail traffic, the Post Office Department has adhered to the old practice of weighing the mails and readjusting the pay of the railroads only at four-year intervals, thus obtaining the transportation of a considerable volume of mail during the intervening years, without payment.

These "quadrennial weighings" are not made simultaneously. The country is divided into four sections, and a weighing is held in one of these sections each spring. Since the inauguration of the parcel post, the mails have been weighed in only two out of the four sections. In the other two sections the parcel

post is being carried without pay, save for certain arbitrary allowances, conferring increases averaging three to four per cent in mail pay, which Congress authorized the Postmaster-General to make, in his discretion.

These arbitrary allowances have been much more than offset by the increases in the weight limits and scope of the parcel post which have since been made without any accompanying compensation to the railroads handling the increased traffic.

For instance, in the territory embracing all the states from New York to Virginia, inclusive, and reaching as far west as Pittsburgh and Buffalo, the heaviest mail traffic in the country is handled. The mails were weighed in this section in the spring of 1913. The parcel post had then only been established a few weeks and the original weight

limit of 11 pounds was in effect. On July 1, 1913, the railroads in this section received an adjustment in pay to correspond with the results of that weighing.

Six weeks after this adjustment of pay went into effect, the Postmaster-General increased the weight limit of the parcel post to 20 pounds per package, and reduced the postage rates. On January 1, 1914, the weight limit was again advanced to 50 pounds in the first and second zones, where the bulk of the traffic is handled. Books and catalogues have been admitted to the parcel post, and an immense mail traffic has been built up in them. Senator Bristow's Parcel Post Committee recently reported to Congress that one great mail-order house is saving \$1,000,000 a year on its catalogues, alone, through shipping them by parcel

post. The Post Office Department has also used every endeavor to expand the parcel post as a commercial freight service, and has even acted as intermediary, for the sale and distribution of farm products through this channel.

Payment for Carrying the Parcel Post

For all the great increases in the volume of the parcel post that has been effected by these various means since July 1, 1913, the railroads in the territory described have not received one cent of compensation, nor will they, under the "quadrennial weighing" system, until July 1, 1917.

It is a conservative estimate that, taking the country as a whole, the railroads today are carrying fully 50 per cent of the parcel post without payment; and this represents a commercial freight and express service worth millions of dollars per year, which the Government is requiring the railroads to render for nothing.

To remedy this condition, the railroads make the simple request, which we feel must appeal to every business man as reasonable and extremely moderate, to have the mails weighed not less frequently than once a year and the pay of the railroads readjusted with corresponding frequency.

Some of the very small roads, especially in the far West, whose freight business has been almost entirely destroyed by the heavy parcel post, without any compensating increase in pay for mail transportation, take the position that every shipment of mail, or at any rate of the parcel post, should be weighed and paid for specifically.

In addition to carrying the mails, the railroads furnish the Post Office Department with office room in moving trains for the sorting and distribution of the mails in transit. When such space is furnished in full-sized cars, it is paid for, but the law makes no provision for payment for office space when it is furnished in apartments in combinations cars. About 4,200 such apartments, ranging in length from 10 to more than 30 feet, have been partitioned off and equipped for the exclusive use of the Post Office Department. It has been estimated that the loss to the railroads through non-payment for these facilities reached nearly \$3,700,000 per year.

The practices and regulations of the Post Office Department require the railroads, without additional compensation, to carry the mails, in many cases, between railroad stations and post offices and between railroad stations on different lines. This is a service forming no part of the duty of railroad transportation. The Post Office Department has appraised the value of these "messenger" services at \$2,100,000 per year.

These three forms of loss to the railroads, therefore, amounted to more than \$9,000,000 per year, before the inauguration of the parcel post. The large volume of the parcel post now being carried without compensation has greatly increased the loss, but data are not available by which it is possible to estimate accurately how much.

The Railroads and the Space Plan

The Postmaster-General wishes to establish what is known as the "space plan" of payment, in which the compensation paid the railroads would be based, not upon the weight of mail carried, but upon the amount of car space au-



INTERIOR OF A 70-FOOT ALL STEEL RAILWAY POST OFFICE CAR

In showing this picture to illustrate what the railroads do to help the Government in handling the mail. Mr. Peters admits the Post Office Department pays for the space used in this car for sorting the mail. However, he calls attention to the equipment furnished by the railroad, the steel racks, the overhead boxes, the cases and the pigeon holes. The extra pay for railway post office cars, in addition to the weight pay, he says, ranges from 3.4 cents per mile for a 40-foot car to 5.4 cents per mile for a 60-foot car. The law does not make an extra rate for a 70-foot car. The paying load in these cars averages only 3 tons of mail, although the car could easily contain 20 tons if the space were not occupied with fixtures.

thorized by the Post Office Department for use in the mail service. The railroads object to the space plan, and believe it is unfair.

Mail cars, at present, earn a gross return averaging about 19 or 20 cents for each mile they are hauled. This includes compensation for the average weight of mail carried, and also for the room and special facilities furnished for conducting clerical work in the full post office cars. The weight of mail usually hauled, as the service is now conducted by the Post Office Department, is much less than the full capacity of the cars.

Under the space plan of payment, as advocated by the Postmaster-General, the Post Office Department would pay the railroads approximately the same rate per car-mile as the light average loads of mail now earn—say 20 cents per mile—but the Department would thereupon appropriate the privilege of utilizing all the remaining space in the cars, without additional payment for the increased weight of mail hauled in it. Such a plan would naturally enable the Department to obtain a largely increased service without any additional pay to the railroads rendering it.

At 20 cents per mile for a car capable of carrying 20 to 25 tons, which is substantially the return that the system of pay advocated by the Postmaster-General would yield in the case of "storage" cars,—that is, cars in which no distributing work is done—the Department could obtain the transportation of the parcel post for one cent or less per ton per mile. Most business men are familiar with the fact that this is a low grade freight rate, and utterly inadequate for freight service of the very highest grade, rendered by passenger express trains.

If this system of pay were established, the railroads would be compelled to carry the traffic, as mail instead of freight or express, and at utterly unremunerative rates, while the Government would be engaged in an active competition with the railroads, for commercial

freight business, by appropriating the use of the railroads' own facilities. Moreover, the passenger train service would be demoralized by being encumbered with an extensive freight business, a phenomenon which is already taking place with many of the smaller roads whose freight business, being chiefly of light character, has been largely absorbed by the 50-pound parcel post.

What is the Service the Railroads Give?

The railroads take the position that the service they perform is transporting the mail, not moving the car, and that the measure of service performed is the weight of mail carried. The car is a facility by which the railroads are enabled to perform the service. This facility belongs to them and they are entitled to use it in earning revenues. The space plan of payment deprives them of control over, and use of their facilities and, if so administered as to produce unremunerative rates for service would result in partial confiscation of such facilities.

The plan of payment advocated by the Postmaster-General was embodied, before the last Congress, in the measure known as the Moon Bill. In addition to establishing the space basis of payment, this bill contained provisions conferring upon the Postmaster-General discretionary power to reduce the rates of pay below those named in the bill. Another provision would compel the railroads to perform the service, at the rates so determined, under penalty of \$5,000 per day for each refusal.

The railroads' claim of underpayment for the mail service has been sustained by the findings of three independent authorities.

The Joint Congressional Committee on Railway Mail Pay, which reported in August, 1914, after nearly two years of investigation, found the railroads entitled to an increase in compensation, with relief from the messenger services previously referred to.

Incidentally it may be said that the Joint Committee thoroughly investigated the question of the rela-

tion between express and mail earnings of the railroads and reached the conclusion that, considering both services in their entirety, the mail service costs the railroads more to perform and yields a lower return than the express service. The earnings of the railroads from mail and express are based on totally different principles and proceed along widely divergent lines. The services themselves, are also materially different. There are instances in which mail pays more than express, and there are also at least as many instances in which the reverse is true.

Dr. Lorenz, of the Interstate Commerce Commission, calculated, in 1913, that the railroads were underpaid for carrying the mails by an amount certainly exceeding \$5,000,000 per year, and the data upon which he rested this conclusion related wholly to conditions existing prior to the inauguration of the parcel post,—since which time the loss has vastly increased.

Mr. Louis D. Brandeis, while acting as counsel to the Interstate Commerce Commission in the advance freight rate case, officially reported to the Commission that "the railway mail service is at present unremunerative to the carriers."

So the railroads, while realizing that the subject is an exceedingly technical one, and most difficult to place before the public on its merits, feel that they are well fortified with authority in pressing their case for more equitable treatment in respect to mail transportation.

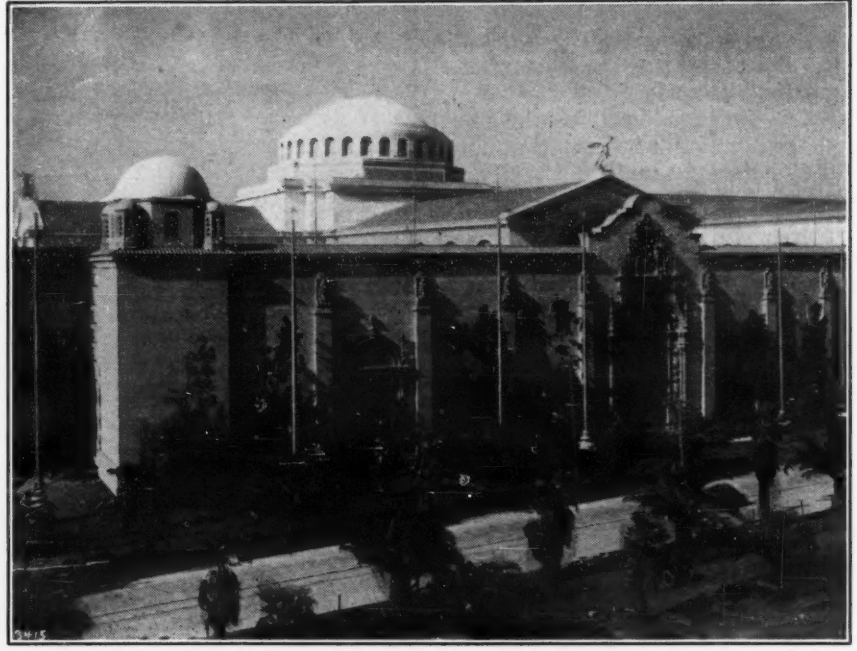
Our program of reform is a brief one and comprehensible to every business man. We ask for:

1. Annual weighings of the mail and equal frequency of readjustment in pay.
2. Relief from, or payment for, the messenger services.
3. Payment for apartment post office cars on a pro rata basis with the full cars.

Three simple amendments to the existing law will accomplish these results, and obviate all necessity for legislative experiments with the "space plan" of pay.



CENTRAL PORTAL IN THE PALACE OF MANUFACTURES



THE PALACE OF VARIED INDUSTRIES FROM THE SOUTH GARDENS

What is the Panama Fair Doing for Business?

San Francisco as the Nation's Industrial Capital in 1915

BY IRA E. BENNETT

Washington Representative of the Panama-Pacific International Exposition

THE Panama-Pacific International Exposition is not merely a bazaar. It is the nation's concrete celebration of the opening of a new and epoch-making highway between the two worlds—a highway which will change the currents of trade, develop new markets, and bring widely-separated regions into intimate commercial relations.

The Fair and the Pacific Peoples

The great nations now grappling on the European war field are participating in the exposition through their keenest and most enterprising commercial organizations and corporations. These nations look beyond this struggle to the never-ending war of commerce, a war in which brains take the place of bullets, and which benefits the participants instead of slaughtering them. France, Germany, and Great Britain are fighting a commercial war as energetically as they are fighting in the field. Their skirmishers and advance forces are at San Francisco, feeling the way toward new assaults on rival commerce, and are quite ready to seize any advantages that may be developed by the Panama Canal.

Nearly one billion human beings living in the lands surrounding the

Pacific Ocean, are directly affected by the opening of the Canal. They have been remote from the world's greatest markets, and have felt the burden of marketing their own products at great cost for freights, as well as the tax imposed by such freight upon their imports. They are suddenly brought thousands of miles nearer to New York and London. New ties are being made daily, as new conditions dawn upon their minds. They eagerly negotiate with Americans, British, Frenchmen, Germans, Italians, Dutchmen, and any others who can supply their needs.

What the Railroad Has Done

Rapid communication with the eastern markets of the United States, realized by the completed Canal, has already changed the figures of all Pacific trade, and this country may hope to win a preponderance of the trade of those countries. The closing of European markets to Chilean nitrate, Bolivian tin, Colombian coffee, and Peruvian products, on account of the war, is forcing the South American peoples to turn to the United States in search of markets for their raw materials. They are naturally willing to take manufactured products in return. The difficulties in the way, such as banking exchange, are be-

ing removed and it is expected that the Pan-American financial conference to be held in Washington this month will adopt measures which will greatly facilitate the interchange of products.

The Orient Sees the Opportunity

It is unnecessary to point out the small percentage of American trade with the Orient and the Antipodes, or to dwell upon the possibilities for trade expansion with these regions. The facts are known to the inhabitants of the Orient and the Antipodes, better than they are to Americans. The Japanese and Chinese exhibits at the exposition are remarkable for their variety and magnitude. The big trade bodies of the Orient are personally represented. Delegations of influential Chinese and Japanese merchants are arranging to visit the exposition and tour the United States in search of business and closer commercial relations. One party has already arrived. Both Japan and China are establishing new steamship lines, and the Panama Canal is to be utilized by them and by Australia and New Zealand in intercourse with the Atlantic United States and Europe.

It is worth restating here some of the advantages of the Panama Canal route in commerce between

New York or London and Asiatic ports.

Nearly half the distance from New York to Valparaiso is saved in traveling through the Panama Canal instead of by the old Magellan route, while it is nearly two thousand miles less to Melbourne, seven thousand less to San Francisco, over five thousand less to Hong Kong and the same to Manila. Using the Magellan route again in illustrating the distances from the British Capital, the Panama Canal saves a distance of two thousand miles in traveling from London to Valparaiso, twelve hundred miles to Melbourne, nearly seven thousand miles to San Francisco, four thousand miles to Hong Kong and about eighteen hundred miles to Manila.

The exposition at San Francisco affords the best of opportunities for bringing together the traders of the world. The exhibitor is also a sightseer. He goes to learn what his customers are doing, and what his rivals have to offer. The mere exhibition of wares indeed is a small part of the benefit conferred upon commerce by the exposition. More important than the goods is the man behind them. The social intercourse at the exposition is a most valuable feature.

Making Americans Acquainted

Business men of all countries learn something of the resources of other countries, and, out of this knowledge comes a desire to facilitate the exchange of commodities. The raw materials of one country are found to be needed in another which can furnish finished products; undeveloped regions are put in touch with the men who can supply their needs; banking facilities are discussed; steamship lines are projected; even government loans have already been arranged through the clearing-house of information which has been provided.

The exposition is doing excellent work, also, in bringing together Americans themselves. Wide-awake eastern corporations are familiar with Pacific Coast conditions as they have existed since the com-



THE BUILDING IN WHICH THE DIFFERENT INDUSTRIES OF THE UNITED STATES ARE CENTERED



THE HORTICULTURE PALACE FROM THE MAIN TOWER

pletion of the overland railroads, but some of the most wide-awake have been caught napping in regard to the revolutionary changes effected by the Panama Canal. In this respect the Pacific Coast manufacturers and producers are better informed than their eastern friends. They know that 41 per cent of the Panama Canal commerce is coastwise. It is business between the Atlantic and Pacific coasts of the United States. There is more east-bound commerce than west-bound. California, Oregon, and Washington are utilizing the Canal to pour into the eastern market their lumber, fish, fruit, vegetables, and other products, which had found the route via the overland railroads a long and costly one.

Transforming Pacific Coast Industry

The Canal is transforming industrial conditions on the Pacific Coast. Instead of being at the outer rim of a center of manufacturing production, the Pacific Coast is now a center by itself. Instead of branch offices at San Francisco, representing eastern manufacturing plants, there is springing up a home industry of varied manufactures, either financed by local capital or constituting a branch establishment of an eastern concern. These Pacific Coast factories find their field rapidly extending eastward. The change in railroad rates and the "long and short haul" decision, together with the cheapness of oil fuel and the changes wrought by the Canal, have created a new industrial center which makes the Coast all but independent of eastern manufacturers.

The most enterprising eastern concerns have accepted this new condition and are taking advantage of it by establishing themselves on the Coast as well as in the East. They now procure their raw materials in the West, manufacture their products there, and market them in sections where their eastern factories no longer command the field. This new system has created a demand for labor on the Coast that cannot be permanently satisfied without a steady immigration.

One of the important functions of the Canal is to bring this immigration to California; and, as soon as peace is restored, it is certain that immigrant steamers will turn their prows direct from Europe toward Colon, bound for California.

The Solid Advantages to States

The advantages accruing to the states of the Union, particularly to California herself, are tersely set forth for THE NATION'S BUSINESS, by Colvin B. Brown, formerly Di-

rector of Domestic Publicity of the Fair and Commissioner to the Balkan countries. Calling attention to the fact that California is not herself a manufacturing state, that is, to no considerable extent or variety. Mr. Brown points out that the advantage that will come to her in the way of trade expansion through a careful study of foreign and domestic needs, as shown by the exhibits of other states and of other nations, "will be far less than that which can be gained by the great manufacturing commonwealths in the eastern part of our country if they take due advantage of their opportunity."

That this opportunity is being realized Mr. Brown shows by citing a number of facts. He says, for example:

"Before the Exposition opened, the Commission for the State of Massachusetts sent letters to every Latin-American government asking it to invite its commissioners to inspect the Massachusetts exhibits in the various palaces and to make themselves at home in the Massachusetts building. The invitation has been accepted and the plan adopted by other states."

Another practical lesson already "driven home" is in lumber. "The State of Oregon has built a pavilion on the lines of the Greek Parthenon, the columns being great pine logs. A commissioner in charge of the building tells visitors that two of the logs have already been sold at \$800 a-piece for delivery when the exposition is over. Inside the building are practical and attractive exhibits of commercial woods which the mill men expect to ship to the Atlantic seaboard in constantly increasing quantities."



THE PALACE OF MINES AND METALLURGY

San Francisco is to be the nation's industrial capital this year, writes A. L. Cowell, Assistant Director of Congresses at the Exposition, in a communication to THE NATION'S BUSINESS. Business men who would keep in touch with the agencies of commercial development, therefore, would do well to follow closely the deliberations of these gatherings.

How the Congresses Will Talk Business

The Leather Industries will be represented in an important series of conventions, beginning with those of the National Association of Tanners, the Wholesale Saddlery Association of the United States, and the Associated Manufacturers of Saddlery Accessories, during the week preceding July 4th, and closing with the convention of the National Leather and Shoe Finders' Association, July 7th, 8th and 9th. On July 6th, which has been designated at Leather Industries Day at the exposition, these organizations and several others which have not arranged for formal sessions here will unite in a great demonstration on the exposition grounds.

A great agency of distribution will be represented by a convention in May—the National Wholesale Grocers' Association of the United States, May 10th to 21st, while the Wholesale Grocers will observe May 22nd as a Special Exposition Day.

The Society of American Florists and Ornamental Horticulturists, which will meet in San Francisco, with a number of allied organizations, during the week of August 16th, is concerned with the cultivation of the soil, the care of plants, the sale of flowers, shrubs and trees and the development of artistic tastes that will create a

greater demand for such products.

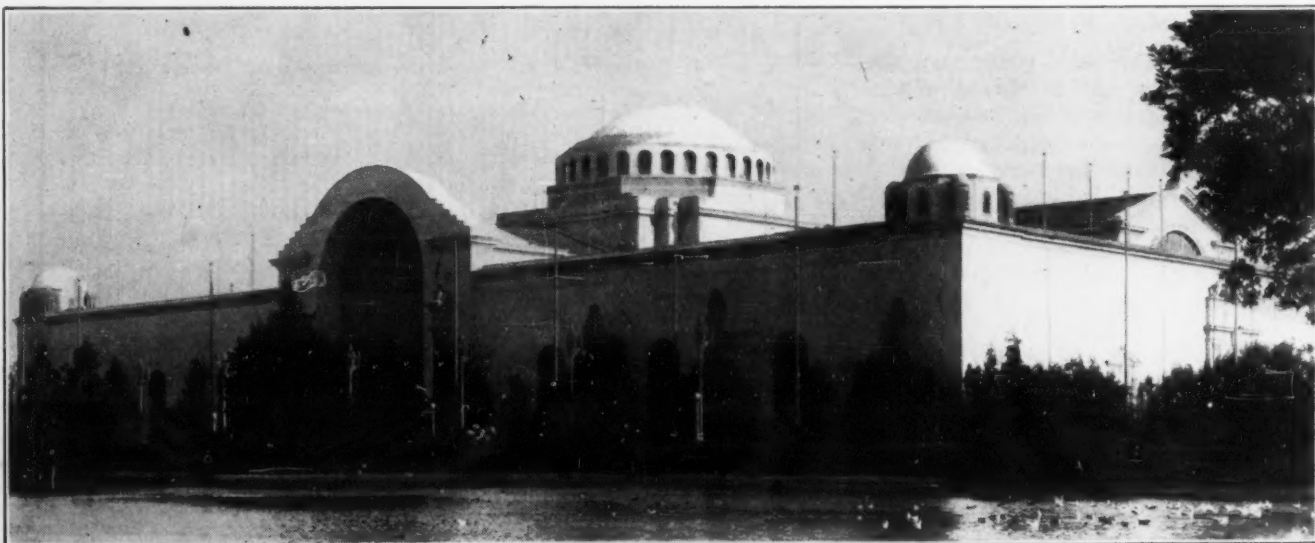
There will be many gatherings of scientists and professional men, which will have a close practical relation to commercial problems. Among these are the Engineering Congress, during the week of September 20th, and the Gas Congress during the week of September 27th.

A notable feature of the latter part of the year will be the World's Insurance Congress, which will be held from October 4th to October 16th inclusive. In connection with it and at various times during the year, more than 40 insurance organizations will meet in San Francisco.

There will be some notable meetings of governmental agents dealing directly with commerce. The most important are: The National Association of Railway Commissioners, October 12th to 16th; the American Association of Dairy, Food and Drug Officials, August 2d to 5th, the American Association of Medical Milk Commissions, June 17th and the American Association of State Bank Supervisors, May 25th to 28th.

An International Press Congress will be held on the exposition grounds from July 5th to 10th, inclusive.

Commerce in its restricted sense will be represented by about fifty conventions, which will deal with problems of transportation and the exchange of products. Broadening the scope of commerce to include production, there are now 108 conventions scheduled that will deal with problems of production. Of these 35 should be classed under manufactures and the others as follows: Agriculture 26, Live Stock 35, Forestry and Lumbering 7, Mining 3, Fisheries 2.



THE BEAUTIFUL PALACE OF FOOD PRODUCTS FROM ACROSS THE FINE ARTS LAGOON

Prolonging Life by Taking Thought and Care

The Work of the Life Extension Institute and Its Aim

BY PROF. IRVING FISHER

Professor Fisher is head of the Department of Political Economy of Yale University and Chairman of the Hygiene Reference Board of the Life Extension Institute

WE usually think of the term "conservation" as applying to our material resources. Material conservation, however, is not the only or even the chief kind of conservation.

Our vital resources, if reckoned by capitalizing the net earning power of our people, are three to five times as great as our physical resources. It follows, therefore, that a saving of even one per cent in these resources runs into the billions of dollars' worth.

At present, the United States does not occupy a foremost place in the field of life or health conservation. Europe far outclasses us in this respect. Especially is this true of Sweden, where the expectation of life is increasing for all ages.

The Advent of Individual Hygiene

Up to the present, public hygiene has been the chief means employed for the lengthening of life, but great as are the possibilities of public hygiene those of individual hygiene are, I believe, greater, and as yet untouched. Public hygiene is effective chiefly against the acute or infectious diseases. Individual hygiene is effective chiefly against the chronic or degenerative diseases. We have made much headway against the infectious or degenerative diseases. But even with this headway against the infectious diseases, we have as yet made but little against the constitutional diseases. The result is that, while there has been a great decrease in the death rate in early life (at which time the infectious diseases are especially fatal), there has been no improvement in the death rate after middle life when constitutional impairment begins to make itself effective. On the contrary the expectation of life for people of 50 years of age and over in United States is now less than formerly.

There is no reason why our own country, which leads the world in so many things, should not be in the van of this great new movement against the degenerative diseases as it has been in some parts of the earlier fight against the infectious diseases. The chief obstacles to this are ignorance and indifference.

The Origin of the Life Extension Idea

One of the chief agencies making for progress in this direction is the Life Extension Institute of New York City, incorporated about a year and a half ago, for the spread of health ideals, knowledge and practice, especially through medical examination and re-examination. Ex-President Taft is chairman of the board of directors, which includes also Mr. Frank A. Vanderlip, Mr. Charles H. Sabin and other prominent business men. General Gorgas is consultant in sanitation. The President, Mr. E. E. Rittenhouse and the Director of Hygiene, Dr. Eugene L. Fisk, are well-known workers in life saving.

The idea of the Life Extension Institute originated with Mr. Harold A. Ley, of Springfield, Mass.

Mr. Ley had been interested in the subject of life insurance for many years and had carried a very large insurance on his own life. Being a business man and looking at things in a business-like way, he finally arrived at the conclusion that it was worth a considerable amount of money yearly to the companies

amination to discover possible physical impairments in its policy holders, did so deliberately with the purpose of checking such impairments in their early stages, and the impaired life prolonged thereby. The life extension experience of this company indicates that the death rate among those who avail-

lengthening the life of policy holders, was capable of a more general application—that it was commercially worth while to protect the health and lengthen the lives of employees.

The Life Extension Institute aims to accomplish for the human machinery what every business man endeavors to bring about for his industrial machinery and equipment, viz., to inspect it periodically and to repair it as the inspection may indicate is needed.

A Sentinel Against Disease

If a man were suddenly afflicted with small-pox or typhoid fever or any other acute malady he would lose no time in getting expert advice and applying every known means to save his life. But his life may be threatened just as seriously, though possibly not as imminently, by arterio-sclerosis, heart disease, or Bright's disease and he will do nothing to prevent the encroachment of these diseases until it is too late. In most cases he will continue to eat as he pleases, drink as he pleases, smoke as he pleases or overwork, and worry himself into a premature grave. In our respect for the work of the laboratory we forget the obvious promptings of common sense. Rubner has said, in substance, that we are so intent on studying unexplored regions of bacteriology that we forget common physiology.

It is as though a man driving an automobile were to continue blindly on his way, never pausing to tighten a nut or to mend a punctured tire, never allowing his engine to cool when it got overheated, feeding it too much gasoline when it was going down hill, and blissfully thinking that his car was in good condition so long as it did not stop. A car would stop long before its maker intended, if the simple care which is necessary to keep it in good condition were not given it.

Keeping in Condition

There is no doubt that the human machine is much more delicate and complicated than any machine made by human hands. Yet the man who would be most careful of his automobile, who will have it examined by an expert at least once a year to see that it is in good running order, would, in most cases, either laugh or be annoyed if advised to see a physician to have his own machinery put in good running order. As long as he is not sick in bed he thinks there is no need of looking after his health.

The Institute then, stands ready to afford individuals, groups of individuals, and business concerns, as well as life insurance companies, periodical medical examinations, supplemented by regular health bulletins. To be specific, the service offered may be classed under the following four chief heads: (1) Educational service, i. e., monthly health letters or bulletins, (2) Study of the personal and family history and the general living habits, (3) Once a year a thorough physical examination covering heart, lungs, blood

Membership Pledge of the Life Extension Institute

I, the undersigned, hereby enlist (no fees or money obligation required) as a member of

THE NATIONAL HEALTH GUARD

a public movement designed and urged by the Life Extension Institute. To qualify for such membership I hereby subscribe to the following health pledge of said organization.

WHEREAS, the Great War has emphasized anew the urgent need of a strong, virile race to guarantee the perpetuity of the American Nation and its institutions, and

WHEREAS, it is estimated that 1,500,000 Americans are constantly ill from preventable disease, and that every minute one life is needlessly destroyed from this cause, and

WHEREAS, this suffering, life waste, and the general impairment of the physical fitness of our people are largely due to ignorance or neglect of simple preventive measures, I hereby declare that,—

Prompted by considerations of patriotism and humanity, I WILL, so far as my opportunities permit, make an earnest effort—

1. To inform myself on the subject of personal, household and community hygiene, and to obey the laws of health.
2. To encourage the practice of individuals having periodical health examinations to upbuild physical efficiency and to detect disease in time to check or cure it.
3. To give support and encouragement and to urge my friends to do the same, to the public health service and officials who are laboring to protect the most precious asset of the nation.
4. To encourage schools, churches, social and civic bodies and employers to help as a patriotic duty in stimulating interest in and spreading knowledge of health and life conservation.
5. To co-operate with and advise the Life Extension Institute in its purpose to reduce life-waste and to guard and strengthen the vitality and vigor of our race.

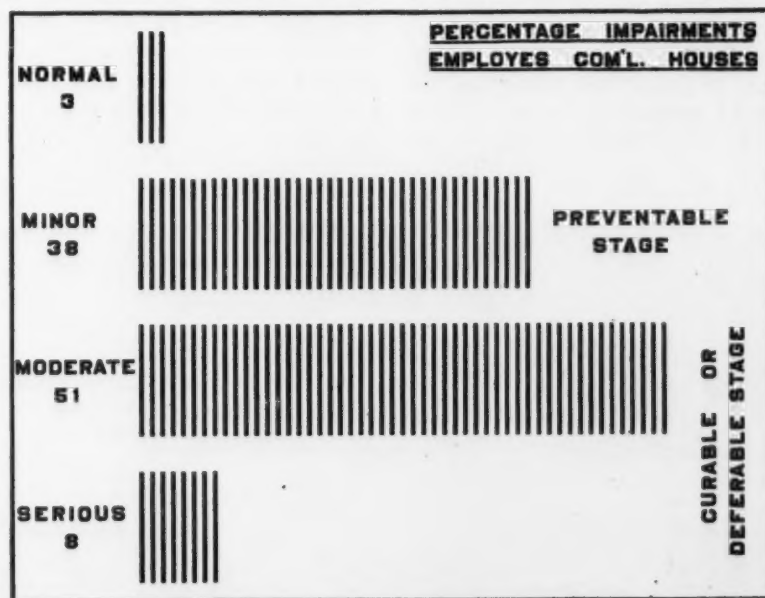
in which he was insured to keep him alive. It was on this very practical basis that the idea was presented to the life insurance companies, with which the matter was first taken up.

Although Dr. George M. Gould had advocated the general idea of medical re-examination twenty years ago it was not until about 1905 that the insurance companies had begun to awaken in a small way to the possibilities for them in this direction.

The first company which undertook the work of medical re-ex-

ed themselves of the service was reduced to half of what would naturally be expected of such lives. The money savings to the company are reckoned to be many times the cost. The Life Extension Institute today reaches the policy-holders of several life insurance societies through contracts with the companies by the terms of which the policy-holders have the right of being medically examined each year.

It soon became apparent, furthermore, to the originators of the Life Extension Institute that the saving to life insurance companies by



WHAT THE MEDICAL EXAMINERS FOUND AMONG 100 YOUNG MEN

This chart represents 100 clerks, book-keepers, etc., in commercial houses in New York. It shows three classes of impairments. Eight were serious, needing immediate medical treatment. 51 were moderate to serious, needing medical attention or supervision. Both of these groups were sent to their doctors. There were 38 who had minor health impairments and disease tendencies which they could correct themselves by proper attention. Those of the minor group are constantly moving to the moderate-to-serious group, and from this group to the serious group, and thence to invalidism and the end

pressure, nervous system and general bodily condition. (4) Chemical and microscopic examination of the urine by laboratory experts twice each year.

For the purpose of giving these examinations and of spreading knowledge of personal hygiene and general disease prevention, trained physicians are employed throughout the country and a laboratory is maintained in New York City.

Some of the Eminent Directors

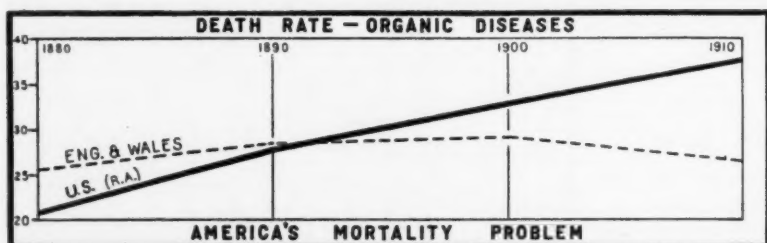
The Institute has the aid of a Hygiene Reference Board of 94 men, mostly medical experts but including a few lay enthusiasts like myself. On this board are:

Dr. Rupert Blue, Surgeon-General of the United States Public Health Service; Professor Welch of Johns Hopkins; Dr. George M. Kober, Dean of the Medical School, of Georgetown University; Dr. Harvey W. Wiley, Director of the Bureau of Foods, Sanitation and Health, of Good Housekeeping Magazine; Wickliffe Rose, Director of the International Health Commission; C. B. Davenport, Director of the Car-

with faulty vision uncorrected.

These figures are especially surprising because of the large number of young men and young women suffering from diseases of the heart, kidney and circulatory system. The fact of greatest import, however, was that impairment sufficiently serious to justify the examiner in referring the examinee to his family physician for medical treatment was found in 59 per cent of the total number of cases. In other words, considerably over half of the young men and women in active work, and presumably selected for their work as especially "fit" were found, although unaware of the fact themselves, to be in need of medical attention, while 37.86 per cent were on the road to impairment because of the use of "too much alcohol," or "too much tobacco," constipation, eye-strain, over-weight, diseased mouths, errors for diet, and so forth.

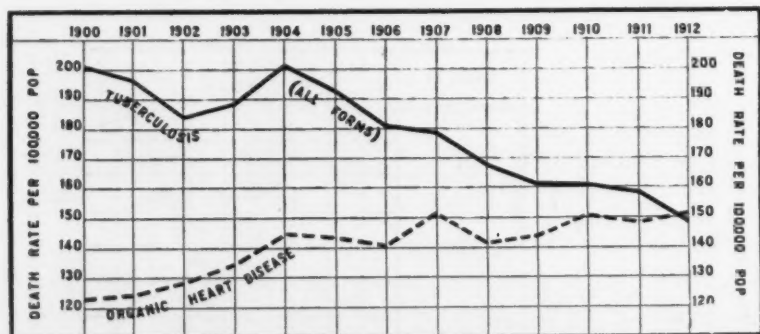
On the basis of the census of



AMERICA'S MORTALITY PROBLEM AND EUROPE'S

negie Station for Experimental Evolution, Director of the Eugenics Record Office; Dr. M. J. Rosenau, Professor of Preventive Medicine, Harvard Medical School; Dr. Lewellyn F. Barker, Professor of Medicine, Johns Hopkins University; Calvin W. Hendrick, Chief Engineer, Sewerage Commission for Baltimore; Dr. Hermann M. Biggs, Commissioner of Health, State of New York; and some effective work in Public Health has been eclipsed by distinction in other lines, like Alexander Graham Bell and Ambassador Page. The Foreign Advisory Board of the Institute consists of: Dr. Ludwig Teleky, Department of Social Medicine, University of Vienna, Austria; and Dr.

1900 it has been found that the death rate among office employees (book-keepers, clerks and copyists) is much higher even than that among factory employees. The death-rate among the former class is 13.6, while the death-rate of the mill and factory operators is but 8.8. What is even more significant is the fact that the rate among the clerical class has increased from 9.8 to its present figure (13.6) in the ten years between census taking.



HEART DISEASE PASSES TUBERCULOSIS IN 1912

John George Adami, Professor of Pathology and Bacteriology, McGill University, Montreal, Canada.

With the exception of the active administration officers, the gentlemen on the Board of Directors and the Hygiene Reference Board donate their services as a contribution to human welfare.

Out of 2,000 examinations of employees in different occupations in New York City, only 3.14 per cent were found free of impairment or of habits of living which are obviously leading to impairment. Of the remaining persons, 96.69 were unaware of impairment; 5.38 per cent of the total number examined were affected with organic heart trouble, 13.10 per cent with arterio sclerosis, 25.81 per cent, with high or low blood pressure, 35.63 per cent had sugar, casts or albumin in the urine, 12.77 per cent with combination of both heart and kidney disease, 22.22 per cent with decayed teeth or infected gums, 16.03 per cent

Among employers themselves the mortality is even worse. The rate for merchants and dealers is 16.4, while for lawyers it is 17.2. It is true that we do not know the age constitution of these different groups, but there is certainly not enough difference to explain the heavy mortality in the case of those confined in business houses.

The aim of the Life Extension Institute is to so spread the gospel and practice of personal hygiene that the living habits of the American people will be revolutionized.

As a first step in this direction, the officers of the Institute have formed a National Health Guard, membership in which is secured without cost. Members pledge themselves to do all they can to practice personal hygiene themselves, to urge others to observe the rules of health, and to give all the assistance in their power to the public officials who are trying to enforce hygienic laws.



AUSTRALIA'S RAILWAY SYSTEM FOR WHICH SHE WILL NOW MAKE HER OWN RAILS

From the latest available official figures, we learn that the government-owned railways of Australia which cost nearly \$765,000,000 have yielded, in spite of the sparse population and the heavy cost of construction, annual net receipts of more than four and a half per cent on the cost of construction and equipment. At present there are slightly over 16,000 miles of line in operation carrying annually for the past three years two hundred million passengers. The continuous lines on the map shown above denote the existing railway lines of Australia, the heavier lines being the main routes. Of the two transcontinental lines, viz., one joining the railways of South and Western Australia—and thus connecting continuously, by railway, Queensland, New South Wales, Victoria, South Australia, and Western Australia—and one connecting Oodnadatta in South Australia with Pine Creek in the Northern Territory,—the former has been commenced, and is shown thus — — — — — while the latter, the construction of which is deferred for the present, is shown thus

Australia Making Her Own Steel Rails

FOR a new railroad that is being built across Australia from Port Augusta to Kalgoorlie to connect the transcontinental lines, steel works have recently been opened at Waratah in the vicinity of the great coal fields at Newcastle and the Hunter River Valley, New South Wales. Hitherto, the Australian continent has had only one establishment for the reduction of iron ore and the production of iron and steel, that at Lithgow, also in New South Wales. The new works, which have been established by the Broken Hill Proprietary Company, which controls the famous silver-lead mines at Broken Hill, are situated on navigable waters. Expert workmen from foundries in the United States in increasing numbers have been engaged for the works at Port Waratah.

Why Americans are Interested

The establishment of these works is of interest to American business men, since it marks the first successful effort by Australians to make their own steel rails. The ore used comes from a hill known as Iron Knob, in South Australia, and the amount already in sight is estimated at more than twenty-one millions of tons. A good quality of coke is also obtainable from the coal fields of Newcastle nearby, while deposits of limestone are abundant. All that is necessary, therefore, for the development of a large iron business is present in New South Wales. Up to the present, by far the most valuable of the imports taken by Australia from the United States have consisted of iron and steel—bars, ingots, hoops, girders, wire. The new steel works at Port Waratah will be equipped for the production of all these.

Iron ore with a high percentage of metal is found in various localities in all the states of the Commonwealth. Australia has long known her capacity in this direction but has, so far, not been able to make use of the resources she possesses.

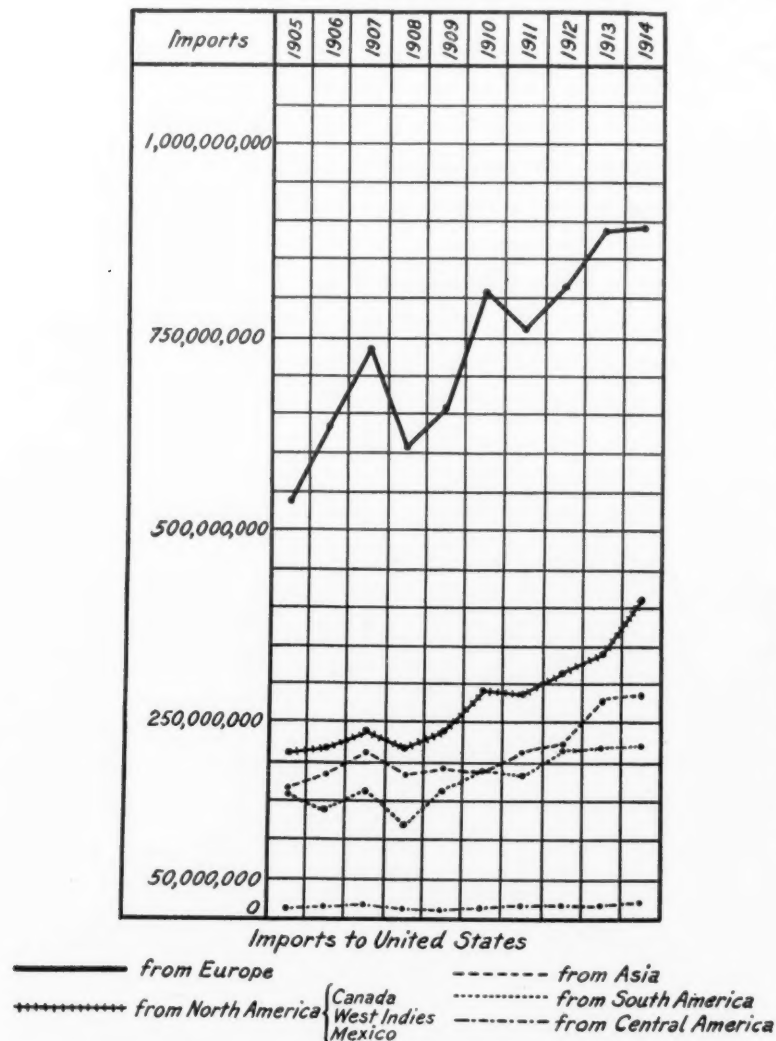
What the New Steel Works Can Do

This new east and west railroad line will be supplied throughout its nearly one thousand miles yet to be completed with rails from this establishment. More than this. Another strategic railroad of almost equal length is projected by the Commonwealth government, a second transcontinental line from Adelaide in the south to Port Darwin in the north, being part of this program. Approximately five hundred miles of this have been constructed, leaving twelve hundred yet to be built. For the building of this line, heretofore, the Commonwealth government has obtained large supplies of steel rails from the United States. The Australian Federal Government has already begun to place orders with the new works at Port Waratah. The railroad commissioners of the State of Victoria have followed with orders for local consumption.

Although having an abundance of coke, limestone and iron ore, Australia has long been obliged, because she had no local reduction works, to depend upon other countries for her supplies of manufactured iron. Independence in iron manufacture is one of the basic necessities of national life, and Australian statesmen have long realized this. Evidence of this realization is found in the fact that the Commonwealth government has recently set aside a bounty of \$750,000 to be expended over a period of four years for the production of all kinds of Australian iron.

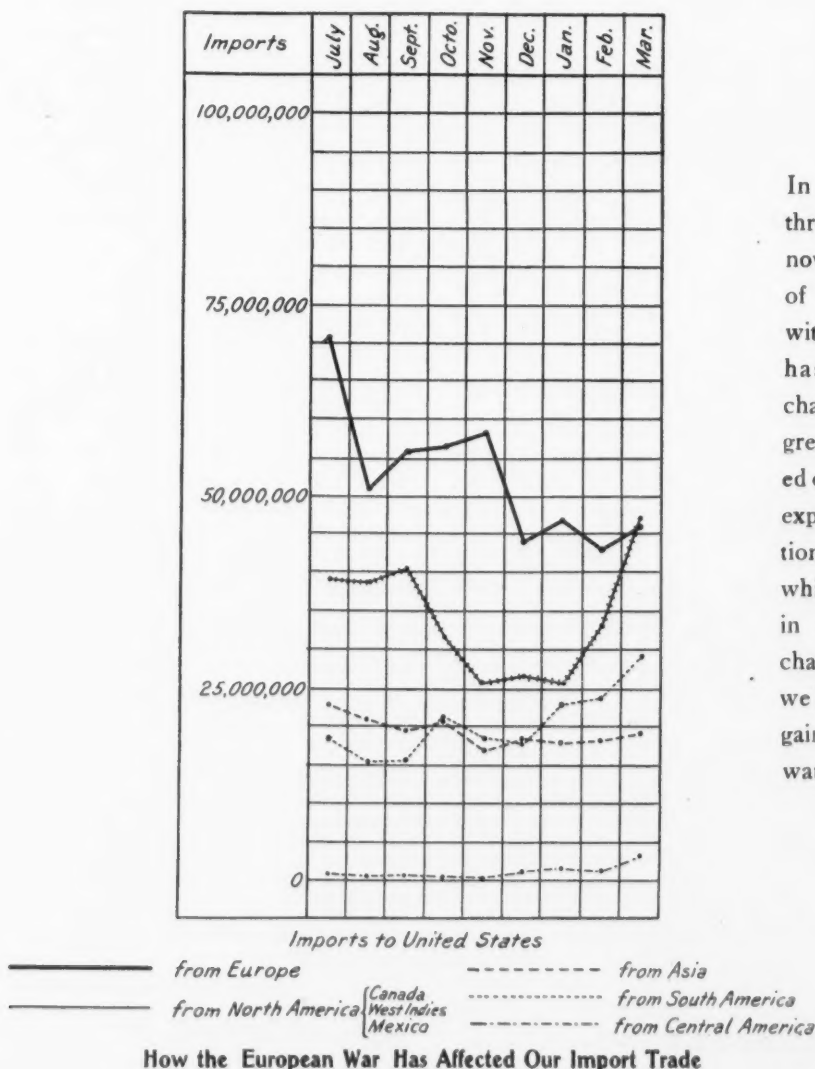
The Advance of a Decade in Our Foreign Trade

A Graphic Showing of the Position of the United States in the Commerce of the World



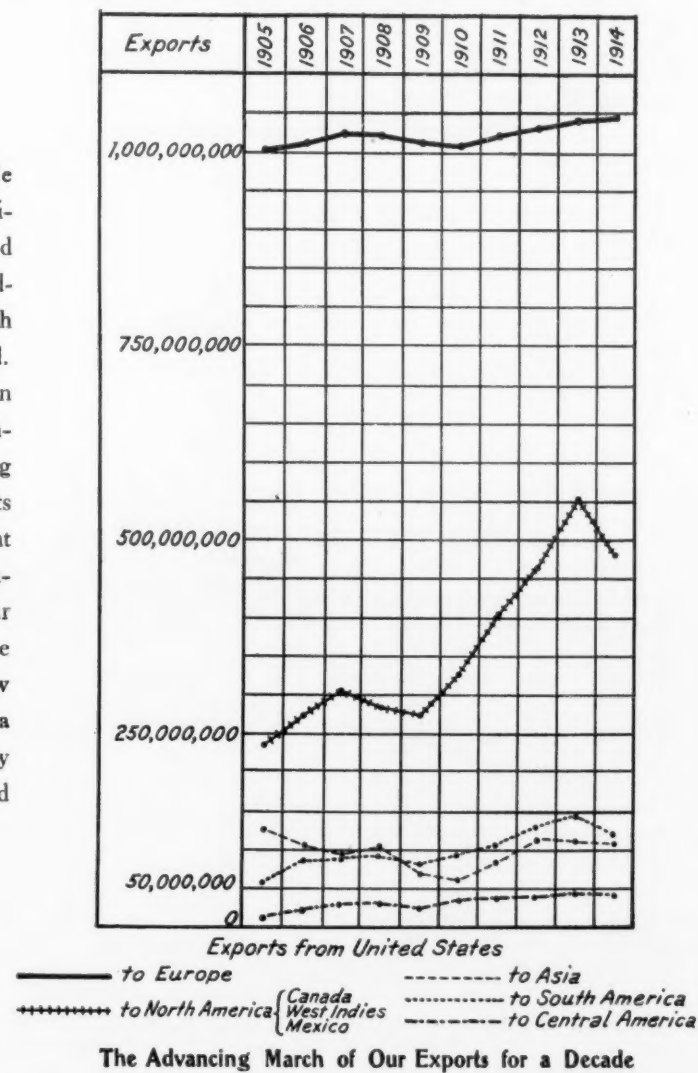
The Mounting Course of Our Imports for ten years

These charts show the trend of the exports and imports of the United States by grand divisions for the last ten years, up to June 30, 1914, and for the succeeding period of nine months which includes eight months of war. For the ten year period, the expansion of our export trade showed its most rapid ratio of increase in the Western Hemisphere; the greatest ratio of increase in import trade on the other hand, lay with Europe and Asia. Eight months of war indicate a complete reverse. In other words, our exports to Europe show unprecedented figures, while we have on the other hand become purchasers from Central and South America and Canada, and Mexico on a notably larger scale. Thus the United States is not only supplying the demands of Europe, but is also purchasing from Latin American countries in the Western Hemisphere on a scale which offers them some relief from the distress produced by the restricting of purchases made by Europe.

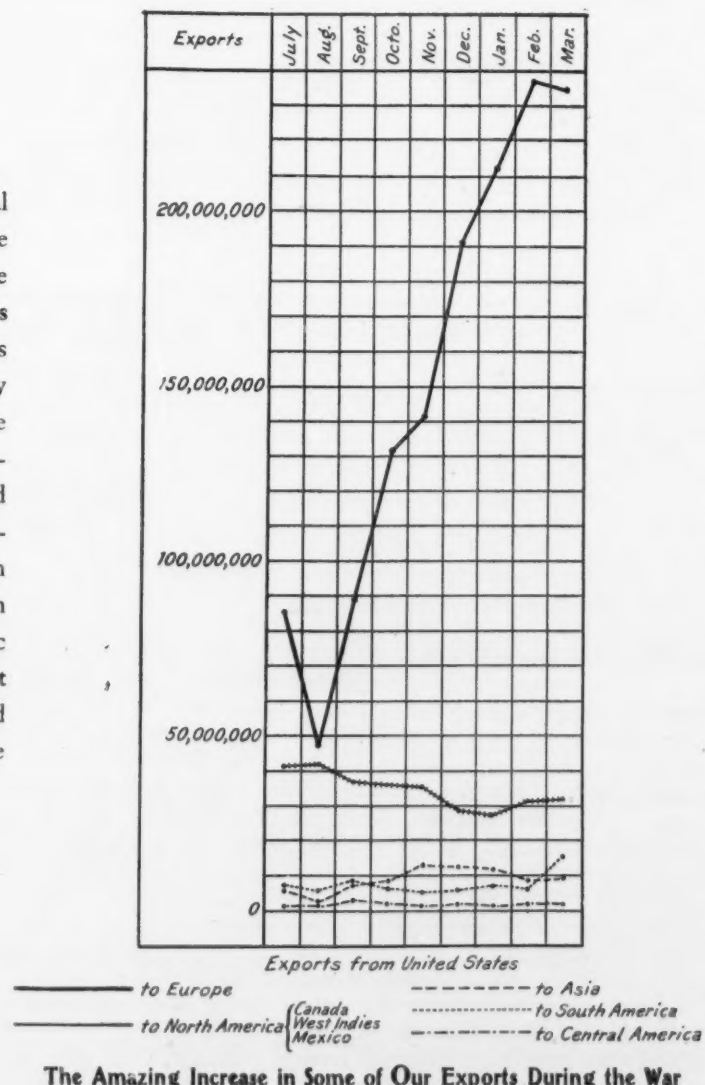


How the European War Has Affected Our Import Trade

In the world upheaval through which we are now passing, the trade of the United States with foreign countries has suffered many changes. Just how the great conflict has affected our imports from and exports to the great sections of the world with which we deal is shown in these four graphic charts. We have lost, but we have also gained, and gained much since the war began.



The Advancing March of Our Exports for a Decade

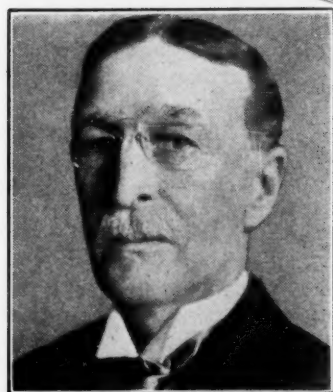
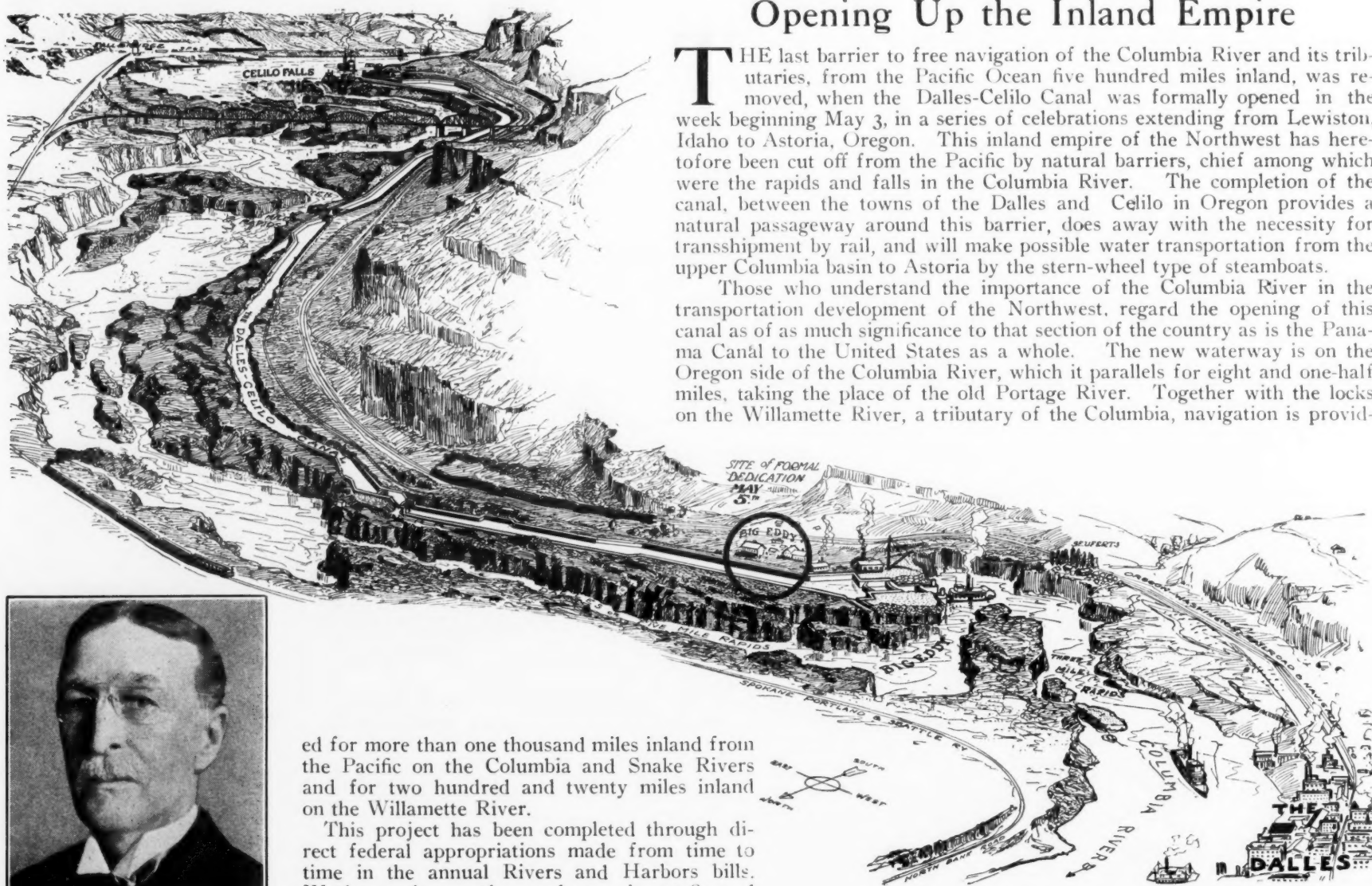


The Amazing Increase in Some of Our Exports During the War

Opening Up the Inland Empire

THE last barrier to free navigation of the Columbia River and its tributaries, from the Pacific Ocean five hundred miles inland, was removed, when the Dalles-Celilo Canal was formally opened in the week beginning May 3, in a series of celebrations extending from Lewiston, Idaho to Astoria, Oregon. This inland empire of the Northwest has heretofore been cut off from the Pacific by natural barriers, chief among which were the rapids and falls in the Columbia River. The completion of the canal, between the towns of the Dalles and Celilo in Oregon provides a natural passageway around this barrier, does away with the necessity for transshipment by rail, and will make possible water transportation from the upper Columbia basin to Astoria by the stern-wheel type of steamboats.

Those who understand the importance of the Columbia River in the transportation development of the Northwest, regard the opening of this canal as of as much significance to that section of the country as is the Panama Canal to the United States as a whole. The new waterway is on the Oregon side of the Columbia River, which it parallels for eight and one-half miles, taking the place of the old Portage River. Together with the locks on the Willamette River, a tributary of the Columbia, navigation is provid-



Hon. Joseph N. Teal, of Portland, Oregon, General Chairman of the Dalles-Celilo Canal Celebration Committee, at the formal opening exercises on May 5th.

ed for more than one thousand miles inland from the Pacific on the Columbia and Snake Rivers and for two hundred and twenty miles inland on the Willamette River.

This project has been completed through direct federal appropriations made from time to time in the annual Rivers and Harbors bills. Work on the canal was begun in 1908, and finished at a cost of approximately \$5,000,000.

The minimum depth is eight feet. The locks on the Willamette River have been constructed on land purchased from private owners by the national government, assisted by canal appropriations made by the State of Oregon and are now turned over to the United States authorities. The National Chamber was represented at the opening.

The Problem of Financing South American Imports

BY JOHN CLAUSEN

Manager Foreign Department Crocker National Bank, San Francisco

IN our business relations with South America, and until only a few months ago, we were obliged to consider the Pound Sterling, French Franc or German Mark as the basis of our operations. The United States Dollar as an exchange medium has virtually been an unknown quantity to the merchant in the Southern Hemisphere.

When we now consider that the Gold Par Value of the three principal exchanges is quoted respectively as \$4.86656 for Pound Sterling, 5.1826 for Franc, 0.952852 for Reichsmark, and that during the last few months our merchants have been called upon to effect liquidation at \$5 to \$6 for the Pound Sterling, 20c (5.00) for the French Franc, and 24.50 (0.98 for the German Mark—with a problem before us of an equally unjustified decline in these exchanges when banks at present are selling the Pound Sterling at \$4.79, Francs at 5.32½ and Reichsmarks at 81 5/8—it would prove not a difficult matter to convince our southern neighbors, that the time is opportune for making the United States Dollar the basis of future transactions.

Financing Purchases

Under the new Federal Reserve Act a member bank is, under certain conditions, permitted to accept bills of exchange based upon the importation of merchandise and it may be of interest in here stating how, under these conditions, a shipment, say of wool from Peru, may be financed in U. S. Dollars, over San Francisco or New York,

instead of London or Germany.

The shipper in Peru is not in a position—we will say—to await the arrival of the merchandise in the United States and the return of a remittance before receiving in cash the amount of the invoice. On the other hand, the purchaser here is unable, for various reasons, to effect payment before the goods arrive and until they have been paid for by his customers. A "Commercial Letter of Credit" is therefore suggested and supplied by his local bankers, which authorizes the shipper in Peru to draw against the issuing bank in this country (or its New York correspondent) say at 90 days' sight, with shipping documents attached covering the value of the shipment.

The "Letter of Credit" is delivered to the merchant here against the usual guarantee, and he, in turn, forwards same to the shipper in Peru with the necessary instructions to effect shipment within a specified time (which is also stated in the Credit) as well as the manner in which insurance is effected.

Immediately upon receipt of this instrument the shipper arranges to forward the goods, obtains the required set of Bills of Lading, Invoices and Insurance Certificates, and takes these to his local banker, who prepares a draft on San Francisco (or New York) drawn in terms of the Credit. This draft is then discounted and the shipper receives his money. The South American Banker then forwards the draft and documents to his agent in the United States, and when this is received an "accept-

ance" is secured and the bill then held for maturity, or discounted, as may best suit the interests of the negotiating bank in South America. Upon acceptance of the bill, the bank in San Francisco (or New York) giving this requisite, retains the documents to be later delivered to the clients here under what is termed a "Trust Receipt," and they, after defraying the amount of duty, obtain possession of the goods. Upon the date of maturity of the acceptance in San Francisco (or 5 days prior if in New York) the amount is collected from the client, who is also called upon to pay the usual commission charges.

Prospective Trade

Some idea of the amount of trade that might be developed with South America may be gained from the figures showing the approximate exports from the three leading European countries to the ten South American republics, viz:

From United Kingdom...	\$ 275,000,000
" Germany	180,000,000
" France	85,000,000
" United States.....	155,000,000

As against imports into the same

countries from these republics, viz:	
To Great Britain	\$ 270,000,000
" Germany	157,000,000
" France	104,000,000
" United States	240,000,000

It would seem that the Federal Reserve Bank, with its large resources and organization, would be the institution to best perform the function or join in establishing what may be termed a Pan-American Bank, which might tend to promoting our Latin-American commerce.

"Short Paying" Letters

ONE of the practices of American business firms most irritating to foreign merchants is that of "short paying" letters and other mail matter. This habit of stamping such matter at domestic rates causes feeling abroad detrimental to American trade out of all proportion to the few cents involved. Emphatic protests against this practice have been sent again and again by American consular officials. The first step to remedy this condition was taken by the Government on April 17 when it notified postmasters throughout the country to inform, wherever possible, persons putting matter in the mails with insufficient postage, and give them an opportunity to send the proper amount of postage. It is expected that much of this can be done by telephone from the local post office.

The National Chamber has called attention to it more than once in its bulletins. One large manufacturing concern in Ohio, makes a constructive suggestion. It is that the Post Office return to the sender all insufficiently prepaid mail matter addressed to foreign countries. In case there is no return address given, the suggestion is that the matter be sent to the Dead Letter Office. Further to penalize those responsible for this stupid mistake, some provision might be made—concludes the Chamber's correspondent—for collecting twice the deficiency from the sender of the letter on its return to him, instead of from the innocent party at the other end of the transaction. A few experiences of paying double deficiency will teach the careless American letter writer properly to prepay his mail.

The Burning Question of a Merchant Marine

The Members of the National Chamber of Commerce Now Voting on Methods

WHEN this number of THE NATION'S BUSINESS reaches its readers, the members of the National Chamber will be voting on the ninth referendum submitted to them. The question put before them for their thoughtful opinion this time is that of a merchant marine and the methods by which the American flag can be restored to the commercial waters of the globe.

The members of the National Chamber will be asked to give an answer to questions printed on this page. This presentation of the different phases of the vital problems of a merchant marine for our country is the result of long and thoughtful labor by the special committee of the Chamber of Commerce of the United States. In THE NATION'S BUSINESS last month a summary of the referendum was given.

Our Long Struggle for a Marine

Some of the earliest statutes in our history (passed in 1789 and 1792) had for their object the promotion of American construction and ownership of merchant vessels. They defined clearly what vessels might have American registry. For the two decades following, the Napoleonic wars so engrossed Europe that American vessels became to a considerable extent the carriers of the world's commerce. The tonnage of those engaged in foreign trade increased until it had reached its maximum in 1861, to approximately 2,600,000 tons. By 1898 it had fallen to slightly over 730,000 tons. A gradual increase was then noted until, in the fiscal year 1914-1915 (according to Lloyd's Registry), the steam tonnage under the American flag (excluding vessels on the Great Lakes, much of which is in barges, but including coastwise vessels) was slightly over two million. Meanwhile the American coastwise shipping, that is, in exclusively American vessels, had grown enormously, from about 300,000 tons (gross) in 1800 to nearly 7,000,000 in 1910.

By comparison with the sea-borne commerce of other nations, American trade at present is almost pathetically small. Out of a total of somewhat more than 45,000,000 tons (gross) for the entire world, only a little over 2,000,000 is American, twenty millions and a half are British, more than five millions German. American shipping carries only a small proportion—less than 9 per cent—of its own foreign trade.

How Europe Aids Her Sea-borne Trade

Almost all the maritime nations of the world, including the United States, give some government aid either by direct subsidies or otherwise, to their sea-borne commerce. Great Britain has for many years used a system of mail contracts which, because of the necessity for maintaining communication with her oversea possessions, are used to serve political as well as commercial purposes. In 1909 the United States Commissioner of Navigation estimated, from official figures, that, on the principal ocean mail contracts between England and the other parts of the British Empire, a yearly outlay of four and one-half millions was made for carrying the mail. For the entire

British Empire (with the exception of Canada) in that year between seven and eight millions of dollars were expended in payments of all kinds for a merchant marine.

The assistance of the German government to its merchant vessels is not at present reducible to figures. The marine department at Berlin does not publish such data. In

considering an increase of its subsidies for the current year, to \$13,234,000.

Austro-Hungary has for some years been making payments aggregating roughly \$5,000,000, three-fourths of which has gone to lines carrying mail. In 1912, Italy subsidized her mail lines to the extent of \$4,600,000. In the same year

Belgian companies with Mediterranean and South American lines.

In 1913, Brazil paid a million and a half dollars to the Lloyd Brasileiro, which has a line from Rio to New York. For the Canadian fiscal year which ended in March, the Dominion parliament voted subsidies to navigation amounting to \$2,700,000 on both the Atlantic and the Pacific. A number of other countries have made smaller payments in aid of their merchant marine. All this data is given with mathematical exactness in the pamphlet sent to the voting members of the National Chamber.

Slow Change in American Policy

It was not until 1845 that the United States passed its first law for ocean mail subventions. This was to meet the first subsidies England had granted (in 1835) to a British line crossing the Atlantic. This American law, however, through a veto of the President, became ineffective in a few years. In 1891 Congress again passed mail subvention legislation—the present ocean mail law. When the Spanish-American war broke out, several vessels built in the United States, became, under this law, available as naval auxiliaries. In the fiscal year ending in June, 1914, subventions paid for mail under the law of 1891 aggregated somewhat over a million dollars. In the same year a slightly larger sum, approximately \$1,400,000, was paid to foreign ships for carrying United States mails, besides that paid to American ships.

When the Panama Canal Act was passed in 1912, the United States for the first time permitted foreign-built vessels, not more than five years old, to obtain American registry exclusively for foreign trade. No vessels, however, were transferred to American registry under this law. On August 18, 1914, during conditions of war emergency, this law was amended to admit foreign-built vessels, regardless of their age, and, furthermore, to suspend the operation of the law which necessitated the employment of American officers and crew. Since this amendment became effective and the President made the suspension in question, 142 vessels, valued at \$32,000,000 had (May 1) been transferred to American registry.

The discussion of new legislation for the promotion of the American merchant marine has been animated for years. Political platforms, Presidential messages and bills reported from Congressional Committees have been numerous.

In 1912, under resolution of the House, the committee on Merchant Marine and Fisheries began an investigation into steamship agreements in American foreign trade. Two years later it submitted its report. Its proposals were then expressed in a bill (introduced June 18, 1914)—the Alexander Ship Purchase bill,—which failed of passage in the Sixty-Third Congress.

It is at this point that the Chamber of Commerce of the United States submits to its constituent members the question broadly stated, "How shall an American Merchant Marine be created?"

THE NATIONAL CHAMBER IS VOTING UPON: BALLOT I

I
Do you favor the government undertaking the purchase, construction, or charter of vessels for mercantile purposes, together with the operation of such vessels?

II
Do you favor ownership of merchant vessels by the government but with operation by private parties under leases?

III
Do you favor subsidies from the government sufficient to offset the difference in cost between operation of vessels under the American flag and operation in the same deep-sea trades under foreign flags?

IV
Do you favor subventions from the government to establish regular mail and freight lines under the American flag to countries in which the commercial interests of the United States are important, and to American dependencies?

BALLOT II

I
The Committee recommends the creation of a Federal Shipping Board to investigate and report to Congress regarding the navigation laws and to have full jurisdiction under the law, in all matters pertaining to overseas transportation.

II
The Committee recommends that the Government subscribe to the entire stock of a marine development company with a capital of thirty million dollars, this company to have authority for seven years to lend, under supervision of the Federal Shipping Board, upon the security of first mortgages on merchant vessels, taking as evidence of this indebtedness bonds which bear a fair rate of interest and contain provisions for amortization, the development company to guarantee the bonds as to principal and interest and sell them to the public.

III
The Committee recommends that the ocean-mail law of 1891 be amended by lowering the speed for first-class steamers from twenty to sixteen knots and for second-class steamers from sixteen to twelve knots, and by making the compensation adequate to permit the establishment of lines of steamships carrying both mail and freight.

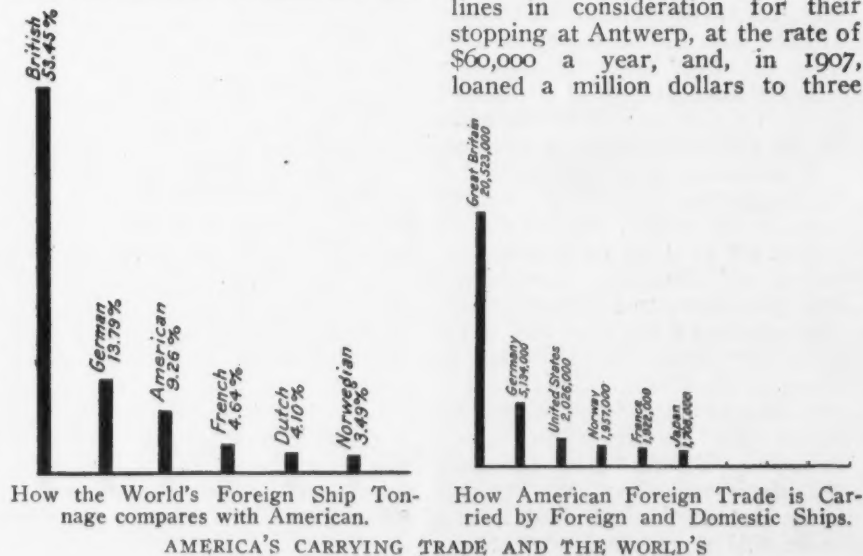
IV
The Committee recommends that there should be legislation abolishing deferred rebates and providing for supervision of rates by the Federal Shipping Board, with requirements for filing with the Board schedules of rates and all agreements among overseas lines.

V
The Committee recommends that Federal licenses should be taken out by lines, domestic and foreign, engaged in shipping between ports of the United States and other countries.

1908, however, in response to an inquiry from the American Ambassador, the German foreign office intimated that, between 1881 and 1907, the annual subsidy for transportation of the mails had been increased from \$47,000 to \$2,246,000.

The French aid to maritime commerce extends to the construction and operation of vessels and the carriage of the mails. In the summer of 1914 (when the war broke out) the French Parliament was

Russia spent \$3,500,000 for "the encouragement of the Russian marine." The famous Russian Volunteer Fleet is generally regarded as government owned. In 1911, Japan paid to the Japanese steamship lines approximately \$7,000,000 on account of construction, operation and mail transportation. Spain enacted a law in 1909 for direct bounties, providing for annual payments of approximately \$2,380,000. Belgium has been subsidizing German lines in consideration for their stopping at Antwerp, at the rate of \$60,000 a year, and, in 1907, loaned a million dollars to three





BUSINESS MEN OF CHINA WHOM THAT REPUBLIC HAS SENT TO VISIT "AMERICA, THEIR ONLY REAL FRIEND"
Taken with some of the governmental and commercial representatives who greeted them upon their arrival in San Francisco, May 3.

Our National Guests the Chinese Merchants

WE recognize that China is dependent on America for complete and rapid development and we are willing to acknowledge our dependence." In these words, David Z. T. Yiu, M. A., executive secretary for the delegation of Chinese business men now touring this country, replied to the speech of welcome made by President Moore of the Panama-Pacific International Exposition.

The party of fifteen Chinese who are visiting the United States upon the invitation of the Associated Chambers of Commerce of the Pacific Coast, in return for a visit paid by American commercial bodies five years ago, includes some of the most eminent of the Chinese captains of industry. The United States Government has two special representatives with the party, E. T. Williams, Chief of the Division of Far Eastern Affairs of the State Department, and E. C. Porter, Commercial Agent of the Department of Commerce. Mr. Warren Manley, the National Chamber's District Secretary on the Pacific coast, represents the Chamber of Commerce of the United States.

In the pages of THE NATION'S BUSINESS last month, we gave a summary of the business activities and achievements of the best known members of the party. It is hoped by the Chinese themselves that this visit will result in a much closer bond of understanding and friendship between "the oldest republic in the world and the youngest." A trade alliance, is the way the leader of this party, Cheng-Hsun Chang puts it. This courteous, progressive Chinese business man, now in his seventy-fifth year, who has had experience in every part of China in all sorts of enterprises and is worth about twenty-five millions of dollars, advocates the starting of several new lines of steamers between China and the United States.

The Vice-Chairman of the commission, Chi-Cheh-Nieh who speaks eloquently in English, addressing the guests at a luncheon given by

President Moore at the Exposition on May 4, pointed out various ways in which the volume of trade between the United States and China might be increased, and urged American business men to cooperate with the Chinese in efforts to achieve this result. "Of all the imports into China from the outside world," he said, "that of cotton and manufactured cotton goods is the largest." He continued:

This reaches the astounding total of \$100,000,000 United States currency, annually. Yet of this amount only about \$10,000,000 is sent directly from the United States to China. The remaining \$90,000,000 is paid for manufactured goods sent directly from Eu-

rope, Great Britain, and Japan. There is no reason why the United States and China should not reach an understanding and agree upon methods whereby they may free themselves of the enormous profit of the middleman and add to their own profits.

The same thing applies to other commodities. We Chinese and you Americans should have direct trade with each other and divide the profit between ourselves. There is no reason whatever for dealing through other nations. It is more and more the modern tendency to travel over the most direct route in business and China wants to be modern with America.

Mr. Williams, speaking for the State Department, referred to the natural and traditional ties of interest in common between the two

countries and pointed out the fact that the opening of the Panama Canal would surely tend to strengthen such ties. He said:

It is interesting to recall that Christopher Columbus was looking for China or Asia when he discovered America. America was in the road to the goal he sought. The canal has pierced the barrier to Columbus and has drawn China closer to America and the rest of the world.

This Chinese commercial delegation has an itinerary which takes it all over the United States, ending on June 30 at San Francisco, and sailing two days later. Their itinerary after May 15th is:

New Orleans, May 15; Memphis, May 17; St. Louis, May 18; Chicago, May 20; Pittsburgh, May 24; Washington, May 26; Baltimore, May 29; Philadelphia, May 30; New York, June 1; Providence, June 9; Boston, June 10; Springfield, June 14; Schenectady, June 15; Buffalo, June 16; Cleveland, June 18; St. Paul, June 20; Duluth, June 22; Spokane, June 25; Seattle, June 26; Portland, June 28; and San Francisco, June 30.

The delegation announces that it has come with the purpose of cultivating not only closer social but also commercial relations between the two countries. Bankers, silk and tea merchants, and railroad magnates, make up the party, each man having a special trade in the interest of which he is making the long journey. With but few exceptions, each member of the party speaks English perfectly. At the present time, owing to the war in Europe and the tension which still exists with Japan, the Republic of China is unable to purchase goods that she had been able to purchase in the past. The main object of this trip is to seek new markets for her goods as well as new outlets for her trade.

In an interview with Mr. Manley, Chairman Cheng-Hsun Chang said: "China never needed a friend as badly as she does now, and the only real friend China has in the world is the United States."



CHINA'S LEADING BUSINESS MEN GREETING THE COLLECTOR OF THE PORT AT SAN FRANCISCO

Cheng-Hsun Chang, Chairman of the Chinese Commercial Commission, shaking hands with J. O. Davis, Collector of the Port of San Francisco, and personal representative of President Wilson, on board the S. S. Manchuria, May 3. To the left of Cheng, is Lim-Pak Chan, a member of the Commission.

Rumania as an American Market

THE recent establishment of a bureau of commercial information at Bucharest; the Rumanian capital, ("Biroul Central de Informatiuni Comerciale al Ministerului Industriei si al Comerului"), has been the beginning of a spread of information about Balkan conditions which should be of great interest to American exporters.

Alexander Brociner, a civil engineer of New York, a graduate of a Rumanian college and identified with Rumanian commercial interests (formerly officially), supplies THE NATION'S BUSINESS with the following information concerning the trade opportunities in his country for Americans:

Rumania is often known as the "Belgium of the Near East." By its geographical situation it has been historically one of the most important centers of commerce for the entire Near East. The Rumanian government is aware of the country's natural advantages and has been zealous in promoting its network of railways and water routes, connecting western Europe with the Balkans and Turkey.

Rumania is a little larger than the State of New York and has a population somewhat smaller. It has a well-equipped railway system of about 2,200 miles. Its "maritime service," which is government owned and operated like the railways, consists of a fleet of large modern steamers on the Black Sea, plying between the ports of Constantza, Sulina and Galatz and foreign ports like Constantinople, Smyrna, Alexandria and Port Said, as well as direct water communication with Antwerp and Rotterdam.

Rumania is primarily an agricultural country, its wealth consisting largely in the products of its soil. The government, which is paternalistic, extends aid to the oil wells and utilizes all the by-products of its petroleum. A high protective tariff, rebates on transportation, and special concessions, moreover, add to the government aid of industry. Despite these aids, however, Rumanian industry is as yet in the early stages of its development. Consequently, the country needs the finished products of other lands. Rumanian finances are sound and the country's export of agricultural products, live stock and oil, are on the increase. Its railway system has developed rapidly and its well-equipped, modern army has made it one of the best customers of the European foundries, railroad shops, ammunition works and shipyards. Rumanian cities are being modernized rapidly. Expensive improvements, such as new harbors, canals, pipe lines, bridges, tunnels, irrigation systems, water power plants, etc., will eventually require the expenditure of enormous sums of money.

American business with Rumania has not been extensive. According to official figures for the year 1912-13, the imports into Rumania from Germany aggregated more than \$40,000,000 worth; from Austria-Hungary, more than \$30,000,000. The figures from England were \$16,000,000; from France \$8,000,000; from Italy \$6,000,000; while from the United States less than \$2,500,000. Out of nearly \$110,000,000 worth of goods imported into Rumania during that period, a very insignificant portion was shipped from the United States.

The present war having brought

about almost a complete cessation of imports from Germany, Great Britain, France and Austria, there seems to be a chance for a long period for American industry to provide the Rumanian people, and through them the other Balkan countries, with those products which continental Europe and Great Britain have formerly sent. Heretofore, a great many articles known as "American" have been shown, on examination, to have been manufactured in Europe. "As their quality is not of the best, it has naturally spread the belief that American goods are inferior." In a number of ways, however, American merchants must adapt themselves to Rumanian conditions if they wish to get Rumanian trade.

Heretofore, one of the greatest obstacles has been the question of credits. The American demand for immediate cash is not only beyond the power of most Rumanians to satisfy, but is even resented by them. In the German and English markets they can do business on three months' or even longer credit. The Rumanian Secretary of Industry and Commerce, who has established the bureau referred to in Bucharest, will be glad to answer all questions regarding trade.

The Netherlands Oversea Trust

IT was found necessary in the first days of the war to form a central organization to supervise Dutch commerce, in order to save Holland from falling unwittingly into difficulties which might involve her in the world conflict. Cornelius J. K. Van Aalst, who is president of one of the leading banks of the Netherlands, undertook the task of organizing such an institution. It has been designated, the Netherlands Oversea Trust.

The efforts of Great Britain and France to prevent goods which they had declared contraband from getting to their foes through neutral channels had to be met. Dutch ships were among the first suspected of carrying on this trade, and they were, consequently, almost always held up and searched for contraband, which, when found among their cargoes, was confiscated. The delay and loss were often very serious for the Dutch merchants.

This matter was taken in hand by the "N. O. T." Its members are leading commercial men, importers, shippers and bankers and it was able in short time to win the respect and confidence of the foreign governments. These soon found they were dealing with a trustworthy body and permitted the much-needed raw materials and food stuffs for Holland itself to be taken through their patrolling lines. The sole condition is that Dutch merchantmen carry papers showing that the cargoes are consigned to the Netherlands Oversea Trust. This stands as guarantor for the good name and good faith of the merchants to whom goods are consigned.

Success has been complete, and Dutch commerce and industry, which might have been entirely suspended, were kept going practically without interruption.

Germany has recognized the utility of working through the "N. O. T." and now permits several much-needed articles to be exported to Holland.

WITH THE ORGANIZATIONS

Seattle-Built Submarines

Work will begin within the next month on the construction of three submarines for the United States Government to be built at the plant of the Seattle Construction & Dry Dock Company in this city at a cost of \$500,000 each, or a total of \$1,500,000.—*New Seattle Chamber of Commerce Record*.

Fighting The Faker

With the advent of Spring, solicitors for fake or unworthy causes are budding out with renewed vigor. Our Bureau of Investigation annually answers about one thousand inquiries about "charity" solicitors who haunt office buildings. Investigation has shown that 25 per cent are absolute frauds and 50 per cent are unworthy.—*Current Affairs* (Boston).

Generous New York

There are forty-one new organizations having headquarters in New York City which are engaged in meeting needs of one kind or another created by the war in Europe. Many of these organizations are national in scope, although the majority are local. Some of them are branches or sub-committees of established social service agencies.—*Greater New York* (New York City).

Laboratory Sight Selected

"The United States Bureau of Mines Testing Laboratory's permanent location in Pittsburgh is practically assured by the acquisition of an adequate site for its new buildings in the securing of which the Chamber of Commerce of that city took an active part."—William H. Stevenson (Director of the National Chamber) Pittsburgh.

Beware The Wanderer!

The firm that comes to your city and opens up a sample sales room for two or three days is not worthy of your patronage. They pay no taxes, take no interest in your civic or commercial activities, in fact, take nothing but your money, which properly belongs to your home merchant who maintains an establishment and keeps up a stock of goods for your benefit the year around. Give this wandering merchant a wide berth.—*The Budget* (Fargo, N. D.).

Avoiding Surprise Elections

The Reading Chamber of Commerce has the most democratic form of government of any large organization in the country. There is no nominating committee and no possibility of "surprise" elections. Nominations can be made by any ten members and the official ballot is in the hands of members a week before election. The president is elected directly by the membership. Important questions are referred by mail to the referendum vote of the members, thus securing a far more general participation than is usually possible.—*The Working Optimist* (Reading, Pa.).

A Successful City Budget

The Chamber of Commerce had considerable to do with the bringing about of very desirable reforms in the making of the city's budget which has been in effect for the past few years. I question if there is a better or more complete display of items in any budget anywhere. The fact that we now appropriate with some idea of intelligence, that we have specific items, properly classified, presented to us in all the various activities of the city; that, on the same page, in parallel columns, all necessary information is given as to the quantity used and amounts paid during the few last preceding years, and that this practice is now being generally followed in the cities of the country is largely due to an enlightened public sentiment. It is also due to the efforts of the New York Bureau of Municipal Research, which is largely responsible for bettering conditions, not only in Budget-making, which is the foundation of all Municipal Efficiency, but also as to operation, and particularly as to proper methods of accounting.—Address of Robert Garland, Chamber of Commerce (Pittsburgh).

More Autos Than Ever

Automobile registrations in Massachusetts for the first three months of 1915 are 59,931, to compare with 41,750 for corresponding months last year.—*Current Affairs* (Boston).

An Active Organization

Sixteen Chamber of Commerce meetings last week, breaking all records for activity. This did not include two or three sub-committee meetings nor some of the Division gatherings.—*Chamber of Commerce Bulletin* (Indianapolis, Ind.).

Increasing Wheat Acreage

It is stated that in the Willamette Valley many farmers are plowing up clover fields, and even clearing up brush lands, for the purpose of increasing their wheat acreage, indicating that the coming season will see the biggest grain crop ever turned out in Western Oregon.—*The Oregon Country* (Portland).

Inviting Student Inspection

Sixty letters were sent out by the Convention Bureau this week to universities located within five or six hundred miles of Dayton, calling their attention to Dayton's advantages as a place to visit on their student inspection trips. Nearly every large engineering college plans an annual trip to various industrial centers where students are given an opportunity to see prominent manufacturing plants and their methods. The University of Kentucky sent 16 students to Dayton recently, and the letter sent out this week will probably attract others.—*The Greater Dayton Association Bulletin*.

Factory Superintendent Meetings

A comparatively new department of the Chattanooga Manufacturers' Association is the Superintendents' Division. Factory superintendents are encouraged to meet and exchange ideas. It is a wheel within a wheel, having its own officers and separate meetings. Each plant pays a small initiation fee when its superintendent joins the division. The parent association meets incidental expenses, such as lunches at regular meetings. The superintendents discuss practical questions pertaining to their factories. The effort on the part of the Manufacturers' Association has met with great success.

Merchants' Association Team Work

The President of an important wholesale twine house, who was interested in the defeat of the bill abolishing the State Department of Weights and Measures and transferring all its functions to a part of the State Department of Agriculture, wrote as follows congratulating the Association upon its share in bringing about the defeat of the bill: "We are proud to be members of The Merchants' Association and to have had the personal experience of associating with them in the 'team work' which has just borne such good fruit, as is in evidence through the fact that the Woods' Bill was defeated by a vote of sixty-two to fifty-three, which practically lays it on the table and the probabilities are that it will never again be brought to life."—*Greater New York* (New York City).

A Progressive Police Officer

Capt. Charles C. Healy advances to the control of the Chicago police under the administration of Major Thompson with the best wishes of the Street Traffic committee and of every other association member. Capt. Healy, besides performing the duties of the head of what has been declared to be the best mounted traffic squad in this country, if not in the world, has been engaged for several years in what might be called an extra-curriculum activity. This has been the delivery of lectures within Chicago and its various suburbs on traffic conditions in this country and in Europe. These talks are delivered by the aid of lantern views, and, it seems safe to say, in the course of his service the Captain has addressed nearly 75,000 people. These talks are full of interest and education, and are delivered by a man who daily operates in the problem he discusses, and who has reinforced his home experience by study of European practice.—*Chicago Commerce* (Chicago).